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Thursday April 25 1991

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World News

Section while stay

Germany and Japan accept payout as forces can serve abroad

Germany agreed to send 300 Bundeswehr troops to Iran and Japan approved the despatch Japan approved the despatch of minesweepers to the Gulf, two significant steps in relax-ing the way their respective post-Second World War consti-tutions are interpreted. Page 4 Meanwhile, Britain issued a thinly veiled warning to Iraq that military action was immi-nent unless it withdrew forces from where Kurdish relief camps are being built. Gulf

reports, Page 4 **US sanctions claim** The US may lift some economic sanctions against South Africa within two or three months. Chris Hani, head of the African National Congress's (ANC) military wing, said in Washington. Mandels

seeks more pressure, Page 4 Quake death toll At least 69 people were killed and 800 injured in Monday's earthquake in Panama and Costa Rica, which authorities fear could open Central America's doors to the South American cholera epidemic.

Baker attacks Israel US secretary of state James Baker sharply criticised Israel over new settlements in the occupied territories amid signs that his peace shuttle might be faltering. Page 20; PLO moderates win test. Page 4

Blow for London Manchester, north-west England, dealt a powerful blow to London by winning the right to bid for the Olympic Games in the year 2000. Page 10

Police swoop on art Hundreds of police investigators raided homes and offices across Japan in a widening corporate scandal involving art and real estate deals worth millions of dollars.

China righta probe Peking agreed to receive a sixexamine human rights conditions in China and Tibet, Australia's foreign minister, Gar-

eth Evans, announced, Pro-Meciar march Supporters of Vladimir Meciar. the Slovakian prime minister sacked on Monday, took to the streets to accuse their Czech parliamentarians of being trai-

tors. Page 2 Ozal airline vow President Turgut Ozal vowed to close down the national carrier, Turkish Airlines, if no deal was reached within days

that would end a 23-day strike. Zaire rally crushed Zairean security forces broke up a protest march in Kinshasa by about 1,000 opponents of President Mobutu Sese Seko. The march celebrated the first anniversary of a Mobutu

speech bowing to demands for multi-party politics. Bus crash kills 19 Nineteen people died and 50 injured when a bus negotiating a narrow bend near the hill country town of Haputale, Sri Lanka, plunged down a 180m (600ft) precipice.

Tornadoes hit NZ Tornadoes swept across New Zealand's far north, reducing a historic church and other buildings to matchwood. Sixteen people were injured.

South Korean uproar Hundreds of South Korean students tossing stones and petrol bombs repelled riot police trying to storm their Seoul campus to prevent screening of a hanned anti-government film.

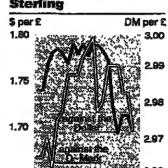
Garlic raises stink Four Indonesian warships gave chase to a Thai vessel caught trying to smuggle 40 tonnes of garlic into east Java. Indonesia bans imports of garlic to protect its farmers.

Business Summary Olivetti halts profits fall to L60.4bn

Olivetti, Italian computers and office-equipment group, suf-fered a severe fall in net profits last year to L80.4bn (\$46.3m) from L302.8bn in 1989. It is sus-pending the dividend on its ordinary shares. Page 21

SOVIET debt could rise from \$65bn to \$75bn or more by the end of this year according to Deutsche Bank. Page 2 DOLLAR rallied despite a second day of co-ordinated intervention by European central banks. In London the dollar

rose to DM1.7535 from DM1.7420; to Y188.05 from Sterling



April 1991

Y137.90; to SFr1.4715 from SFr1.4590; and to FFr5.9125 from FFr5.8750. Sterling weak-ened in the ERM, but remained the third strongest currency, behind the Spanish pesets and Italian lira. Page 40

MARKETS: Dow Jones Industrial Average was down 3.22 at 2,927.23 by 1.30pm. DAX index closed 6.68 higher at 1,603.73 after a rise of 2.16 to 678.92 in the FAZ at midsession. Markets, Section II

WORLD Bank has approved a \$120m loan aimed at improving Poland's inefficient telecomms system. Page 2

LYONNAISE des Eaux-Dumez, newly formed French water, construction and electrical equipment distribution group, reported increased turnover and profits for 1990. Page 21

SAAB-SCANIA, Swedish rehicle and aerospace reported a 47 per cent fall in profits. Page 21

GEC Avionics, aerospace sub-sidiary of General Electric Company of the UK, will than £300m (\$507m) to supply flight computers and cockpit display equipment for the next generation of US Stealth fighter aircraft. Page 20

ZENITH Electronics, US company competing for a share of the high-definition television market, unveiled a deeper firstquarter loss. Page 21

TOKYO has agreed that a 20 per cent target figure can be included in a new pact with the US on its foreign semiconductor market share in Japan.

STATOIL, Norway's state oil company, announced the award of NKr1.4bn (\$204.5m) worth of contracts for two setellite structures to the

Statfjord oilfield. Page 3 US airline industry lost \$4hn because of the Gulf war, the Air Transport Association of

America said. Page 4 JAPAN enacted a national land tax aimed at curbing high land prices. Page 4

NICARAGUA expects to settle \$360m in overdue payments to the World Bank and the Inter-American Development Bank (IADB) by the middle of this year. Page 6

GOODYEAR Tire & Rubber, last surviving big US tyre-maker, unveiled a considerable first-quarter net loss on declining sales. Page 24

CHRISTIAN KJOELAAS, president of Fokus Bank, Norway's third biggest bank, stepped down, just two months after the announcement that the bank had run up a big loss for

Gorbachev and Yeltsin agree union treaty

REBELLIOUS Soviet republics will be allowed to pursue their plans for full independence under the constitution follow-ing a landmark agreement between embattled President Mikhail Gorbachev and Mr Boris Yeltsin, the Russian leader, on a new union treaty. A joint statement, published yesterday after being signed by the two men and eight other leaders of Soviet republics on Tuesday night, commits them to an agreement on such a treaty, followed by a new constitution and fresh umon elections as soon as possible. tions, as soon as possible.

They also explicitly allow the six other republics – the

three Baltic republics,

By David Marsh in Bonn

GERMANY will resist calls

from the US to cut interest rates at next Sunday's meeting of the Group of Seven leading industrial nations in Washing-ton, according to Mr Karl Otto

Pohl, the Bundesbank presi-

In an interview with the

Armenia, Georgia and Moldavia - not represented at the meeting, the right not to sign a union agreement. This in turn implies, although the phrasing is elliptical, that the six could instead proceed to full indepen-dence.

Yuri Kahn, Estonia's perma-nent envoy to Moscow, wel-comed the declaration as "progress" even though it meant paying more for energy and other supplies from the rest of the country.
"Of course economically it

will be very difficult but it is a very important step in the direction of a market economy. We understand that sooner or later we must go to world mar-ket prices," he said. Politically, it had the merit of recognising

the Baltic states' "legal right not to sign the union treaty". Mr Gorbachev's coup in sec-uring agreement on some of the most fundamental issues facing the Soviet Union opens the possibility of further talks on a new form of government bringing in different political forces - or, as some are now calling for, a more powerful Federation Council uniting the leaders of the republics under the chairmanship of Mr Gorba-

Germany 'will not cut rates'

chev. It also suggests that the the issue of his future as gen-Soviet president is now veering away from the hardline camp on whose support he has relied in recent months, back to an alliance with more radical forces. In doing so, he risks the wrath of groups such as the Soyuz faction in the union par-

Soyuz faction in the union par-liament, which has already called for a special congress to review his performance.

Mr Gorbachev got the agree-ment - published yesterday only in the late editions of Pravda, the organ of the Com-munist party central commit-tee - just as the central com-mittee was gathering for a mittee was gathering for a plenary meeting at which hard-

eral secretary.

First indications from the plenum were that he had avoided any serious challenge.
Members of the central committee said during a break that
specific motions to unseat him

The key to the agreement with the republics apparently lies in the final paragraph which says that its signatories realise that "these measures are inconceivable without a fundamental increase in the role of the union republics."

A spokesman for the government suggested this would be Continued on Page 20 Editorial Comment, Page 18

Suzuki in deal to build cars in eastern Europe

By Nicholas Denton in Budapest and Kevin Done in London

SUZUKI is to become the first Japanese carmaker to assem-ble vehicles in eastern Europe. It is to take a 40 per cent stake in a joint venture in Hungary, Magyar Suzuki, to produce up

Magyar Suzuki, to produce up to 60,000 cars a year.

Its partners in the venture are C. Itoh, the Japanese trading group, with an 11 per cent stake, Autokonszern, a Hungarlan consortium (40 per cent), and International Finance Corporation, a World Bank affiliate 19 per cent).

The total project cost of

The total project cost of more than Y32bn (\$230m) makes it Hungary's largest iolnt venture undertaking to date. Magyar Suzuki will have an equity capital of Y10hn.
Production is due to start at
end-1992, Mr Osamu Suzuki,
Suzuki Motor president, said.
Vizuki Motor president, said.
The company said output
would be about 15 000 in the

ould be about 15,000 in the first year, rising to 50,000 after the third year. The workforce will total some 1,100 when production reaches 50,000 a year. Suzuki aims to reach a target of 60,000 cars a

year by 1997.

The venture will be located at Esztergom, north of Buda-pest. Suzuki sald it would essemble its small 1-litre and 1.3-litre Suzuki Swift hatchback range at the plant. The Japanese carmaker is

giving local parts suppliers a stake in the success of the project by taking them on as equity-holding partners. It is encouraging them to link up with its own suppliers in Japan through joint venture or

licensing agreements.
Up to 1997, it aims to increase local content to some 70 per cent. Suzuki seeks to seil about 60 per cent of out-put in the Hungarian market, with some 40 per cent exported mainly to western

Like Fiat's small-car produc-tion at FSM in Poland, Suzuki Hungarian plant to the whole of the European market.

Hungary was chosen because it had the most mar-ket-oriented economy in eastern Europe and a home market free of domestic competitors, Mr Istvan Lepsenyi, Magyar Suzuki president, said. The Suzuki investment in Hungary

By John Lloyd and Leyla Boulton in Moscow

However, the statement warns that those republics would then be expected to settle their accounts with the union in hard currency. Mr

versy, where Mr Nicholas versy, where Mr Nicholas Brady, US treasury secretary, has urged Germany to ease polkeles in recent informal meetings, Mr Pöhl declared: "German monetary policy has to remain tight". The issue is expected to surface during the G7 meeting of finance ministers and central hankers from

Financial Times at the central bank's headquarters in Frank-furt, Mr Pöhl said: "A cut in interest rates in Germany is not on the agenda. Calls for Germany to cut interest rates are, from our point of view, difficult to understand. "Other countries, instance in the European Monetary System, are making use of the relative weakness of the D-Mark to cut their own inter-est rates without our having to

Mr Pöhl, a pivotal figure in negotiations on European mon-etary integration, welcomed Tuesday's proposal from Linembourg to set up a European central bank during the transition to monetary union, but to delay its creation until 1996. "This suggestion goes in the right direction, but we will have to study it carefully before coming to a final judg-

Adding an important refinement to the Bundesbank's thinking on a European central bank, he said: "It is important European central bank is not taken until it is clear which countries are willing to transfer their monetary policy powers to this institution."

Once this had become clear, Mr Pöhl said, "a European cantral bank could be set up two years before it would actually become fully operational, to allow the necessary time for preparation".
On the interest rate contro-

ters and central bankers from the US, UK, France, Italy, Canada, Japan and Germany.

The US calls have been part of Washington's bid to reduce the risk of a worldwide recession. However, Mr Pöhl pointed out that parts of western Germany's economy were exper-iencing overheating. Recalling western Germany's strong growth of 4.5 per cent last year and still-low inflation of 2.5 per cent, Mr Pöhl said: "The position of the German economy as seen abroad has been made worse than we deserve. East Germany is an enormous problem, but the situation in West Germany is basically very satisfactory"

Easing of the monetary reins could prove counter-productive because it might weaken confidence in the D-Mark, he said.

"If we followed an easier policy, and this had an effect on the D-Mark, the result would be that German interest rates would not be lower, but higher."
Mr Pöhl, who in unguarded

the aftermath of German mon-etary union a "disaster", said: "The situation in East Germany was portrayed by the government (in Bonn) rather too favourably last year. Now comes the moment of truth." He suggested that the Bonn government, through its package of tax increases announced two months ago, had reacted to



Karl Otto Pohl: the position of east Germany is "an enormous problem"

Intervention fails to reverse dollar rise

WIDESPREAD intervention on foreign exchange markets by European central banks falled yes-terday to reduce the value of the dollar and support a sagging D-Mark, writes Peter Marsh

Eleven European central banks, led by the Bundesbank, sold dollars for the second day running in an attempt to lift the D-Mark which has been hit in recent weeks by worries about

However, the effort was hampered by the lack of any sign that the US Federal Reserve was joining the operation.

In London, the dollar gained more than 1 prennig against the Germany currency, closing at DM1.7535. The dollar's strength depressed sterling, which against the US currency closed at \$1.6945, down by just under 1 cent. Against the D-Mark, sterling lost 1 pfennig, finishing at

the challenges somewhat late. Continued on Page 20 the German economy. IMF optimistic of recovery in the world economy this year

By Peter Norman, Economics Correspondent, in Washington

THE International Monetary Fund is optimistic that the world economy will begin to recover this year and believes that the US should move cautiously when considering interest rate cuts.

Introducing the IMF's latest twice-yearly Economic Outlook, Mr Jacob Frenkel, director of the research department, said the fund was adopting a "somewhat positive" tone with regards to the global economic outlook - despite a clear deterioration in near-term prospects since its last report in October.

October.

The IMF projects a recovery in the growth of the global economy to 2.9 per cent next year from an anticipated 1.2 per cent this year. Its projection envisages a strong bounce back in US growth to 2.7 per cent next year from just 0.2 per cent this year, and a sharp recovery in developing country growth to 3.4 per cent in 1992 from 0.8 per cent this year. Mr Frenkel said now was not

the time for the US Federal

Reserve to pursue an active monetary policy.

If the US economy grew as projected, the Federal Reserve should "weigh very cautiously" the balance between the short-term weakness of the US economy and the medium-term strategy for combating inflation when considering its inter-

est rate policy.
The Federal Reserve should not resist market forces, he said. The only circumstance in which rates could be cut would be if US economic developments turned out to be weaker

than projected.
At a time when Mr Nicholas
Brady, US treasury secretary,
has been calling for lower US
interest rates and putting pressure on Germany to cut its rates, IMF officials are concerned that an unwarranted cut in US rates now could lead to too steep a recovery in six to nine months time.

Underpinning this concern is confidence that the world economy may be nearing the bottom of the trough, in its Outlook, the IMF says the US recession is likely to be "shallow and short" and have only a small impact on growth elsewhere in the world compared with the downturns of 1973-74 and 1981-82.

The IMF bases its relatively optimistic view of the world on the continuation of relatively strong economic growth in Japan, Germany and elsewhere

in continental Europe.

The current level of US interest rates is also expected to revive demand for consumer durables. Mr Frenkel pointed out that the Federal funds rate, at which banks land reserves 4 percentage points to about 6 per cent from its most recent peak. to each other, had fallen ab

However, the bleak economic outlook for the Soviet Union and eastern Europe is a worry. The IMF projects economic growth of 2.8 per cent for east-ern Europe next year after a 1.5 per cent fall in real gross domestic product this year, and last year's GDP fall of 8.6 per cent for the region.

Eastern Europe is heavily dependent on trade relations with the Soviet Union and trade between the USSR and eastern Europe is in disarray.

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Heartbreak Hotel: Can Inter-Continental repay the \$2.3bn it cost Saison in 1988?23 Japanese finance: Shivers in the non-bank finance sector as credit squeeze bites . Technology: The innovation needed in the Greece: A comprehensive survey Section ill

31 40 40

Work by the EC on monetary and political union is at risk cause of pressure from potential members Last week, EC commissioner Frans Andriessen proposed they be offered "affiliate" membership

Time running out for EC's

plans on political union

New York funchilin \$1,693 London: DM2-9725 (2-9825) FFr10.0175 (10.055) SFr2-4925 (2-4975) Y234.00 (236.0) € Index 91.20 (91.7) GOLD New York: Comex Jun \$358.1 (358.9)

MARKETS

STERLING

\$357.30 (355.7) N SEA OIL (Argus) \$19.325 (19.425) Chief price changes vesterday: Page 21

New York DM1.754 FFr5.9165 SFr1.471 Y138.23 London: DM1.7535 (1.742) FFr5.9125 (5.875) SFr1,4715 (1,459) Y138.05 (137.9) \$ index 66.5 (same) Tokyo close: Y137.55 US kmchtime ra

DOLLAR

Fed Funds 5분% yield: 5.817% Long Bond:

2,939.11 (+8.66) S&P Comp 381.54 (-0.22) Tokyo: Nikkei 26,330.21 (-161.36) LONDON MONEY closing 1113% (same) Little long gilt future:

STOCK INDICES

2488.6 (-15.2)

1952.5 (-13.3)

FT-A All-Share

New York lunch

DJ Ind. Av.

1205.74 (-0.6%)

FT Ordinary:

redesigns itself.

in nearly four months have pro-

duced some tentative compromises but no firm deals, risk heing buffeted by events in the real world — Chan-

cellor Helmut Kohl's domestic politi-

cal setbacks, the prospect of a Brit-ish general election, and, from the outside, the banging of more appli-

Eastern Europe's expectations of what the EC can and should do for it continue to gallop ahead of the reality of what the Community is offering Refore the talk was down.

ing. Before the ink was dry on economic co-operation agreements, eastern Europe was clamouring for fully-fledged political association and free trade accords.

Last week, Mr Frans Andriessen, EC external affairs commissioner,

bent under the pressure and pro-posed "affiliate" membership for countries craving the political secu-

of fears

of \$75bn

By Andrew Fisher in

Soviet debt

\$65bn to \$75bn or more by the end of this year, a worrying

rate of increase, says Mr Georg Krupp, Deutsche Bank's direc-

tor responsible for eastern

only lend to the Soviet Union against state guarantees, while exporters faced huge practical problems. As a result of decen-

tralisation, they now had to deal with more than 40,000 Soviet companies, compared with 40 central foreign trade

organisations previously.

Mr Krupp said the Moscow

government's compromise eco-

nomic reform plan lacked a clear concept of privatisation and contained only half-

hearted measures; it was nei-ther market nor plan.

Despite the difficulties, Mr

Krupp said the Soviet Union needed western support. The funds to support the move from a planned to a free econ-

omy could only be raised by a

joint effort of western countries, private banks, and insti-

tutions like the World Bank

and International Monetary

He hoped this weekend's Group of Seven meeting would revive the idea of an \$18bn Marshall Plan for the Soviet

Union. The G7 officials will dis-

cuss this, as well as closer

He added that west German banks had unsecured loans of DM10bn (\$5.9bn) with the

Soviet Union, with credits backed by the Hermes export guarantee organisation exceed-ing DM12bn.

ing DM12bn.

The financing of German exports was now only possible with the backing of Hermes, which would become more selective; Soviet-German trade was likely to drop even further, at least tamporarily. He cited estimates of between DM2bn and DM5bn of claims outstanding by German export-

outstanding by German export-ers against Soviet importers.

EC Council

over research

settles row

IMF and World Bank.

He said banks would now

cants on the Community's door.

By David Buchan in THE EC Council of Ministers yesterday settled a institu-tional row with other Commu-nity bodies and approved Ecu3.83bn (£2.62bn) for ten research projects over the next two and a half years. The row, which threatened further to delay the EC's

already tardy framework programme for 1990-94, was a by-product of the sparring between EC institutions in the negotiations on political union.
The Council had earlier

changed five programmes -on marine and life sciences, the environment, communications and electronic data trans-mission - to the extent that the parliament persuaded the Commission to withdraw them altogether. Pulling these programmes off the table and then resubmitting would have delayed them months.

So,in the end, the EC executive and parliament settled for a few vague and minor changes, such as promises to weigh the socio-economic impact of EC research, which were adopted by EC ministers yesterday and are expected to win parliamentary approval

In addition to these five proogy (worth Ecul.33bn alone), materials, and non-nuclear Not a small achievement, considering energy and the agro-industrial Europe's past.

The work of the EC's conferences on political and monetary union risk being overtaken by events, writes David Buchan rity of belonging to the Community before being able to meet the eco-nomic test of membership. The IGCs were studiously ignoring the impli-cations of the Community growing to 24 members, the Commissioner crats, time refuses to stand still while the European Community The Community's two inter-governmental conferences (IGCs) on political and monetary union, which

Mr Andriessen's idea that countries could select certain EC activities in which to participate as full members may speed membership bids from European Free Trade Association (Efta) countries. Just when Efta's frustration is reaching breaking point at being offered only a voice on the key EC legislation

- that would form the core of the
planned European Economic Area
(EEA) - up pops someons in Brussels with a scheme to give them a

Talks are being held today between senior officials and next month between ministers to save the KEA negotiations; but if they fail, Sweden may not be the only Efta country this summer to follow Austria in applying to join the EC club. In fact, the IGC on political union has now agreed on a kind of variable

A Lazembourg compromise plan to delay creating a European Community central bank until 1996 strays from an agreement reached at an EC summit in Rome last October, the European Com-mission said yesterday, Reuter reports from Brussels

Real world gets in the way of redesigning Twelve

"The compromise does not conform to Rome." a Commission spokesman said. The 17-member EC executive remained convinced that the bank should be formed two years earlier, in 1994.

geometry that might suit newcomers. This divides Community activities into three: Standard policies (still largely economic) set by the standard machinery of the Council/Parliament legislating on Commission proposals.

Common foreign and security policy with a relatively small role for the Commission and almost none for the Parliament.

A purely inter-governmental area of co-operation on police and judicial issues such as drugs, crime and

OBITUARY:

KARL KLASEN

bolstered

Bundesbank

independence

MR Karl Klasen, the former

Bundesbank president who

died in Hamburg on Monday, a day before his 82nd birthday,

crat who presided over the West German central bank

during one of its most turbu-lent periods. He joined the Bundesbank

when already wealthy after a career in private banking, spending 13 years on the board of the Deutsche Bank from 1957 onwards, the last three as

At the Bundesbank he took a lordly pride in leaving day-to-day affairs in the hands

of subordinates. During his

time in office between 1970 and 1977 he bolstered the central

bank's reputation for indepen-dence. He developed a well-known disdain for col-

leagues who read the fine print of economic analyses. But through his natural sover-

eignty and a few well-chosen words, he could exert immedi-

ate control over a roomful of

Mr Klasen's relationship

with Mr Otmar Emminger, a

the top Bundesbank job. He fell out with Mr Schiller

during the crisis over the breakdown of the Bretton

Schiller's resignation.
Even though the government was later forced to bow to the

was an autocratic Social Dem

Autocrat who

For all, actual and potential mem-bers alike, the most sensitive aspect is defence, on which there are now

three competing drafts. The Luxem-bourg presidency proposes that defence matters "can" be wholly or partly dealt with by the Western European Union (WEU) with a review in 1996; the Netherlands, backed by the UK, proposes that all defence matters "will" be treated by WEU; and France wants some EC involvement, at summit level, in defence from the outset and the 1996 review to create a common EC

efence policy.
This internal debate will divide outsiders. East Europeans, frus-trated by the North Atlantic Treaty Organisation's refusal to offer them any formal association, may want to see a common EC defence policy that one day might cover them, while neutral kftz countries hope no

such policy will emerge.

Another indicator of how supranational the Community may become is the degree to which the European Parliament is given a say in EC law-

making equal to that enjoyed by the Council of Ministers. Luxembourg proposes giving MEPs, whose present amending powers depend crucially on Commission support, a

right of "co-decision" on a new cate-gory of framework laws.

This goes too far for countries such as Britain and Denmark, but has been strongly attacked by the Parliament which (along with Germany) wants co-decision across the board and by the Commission which sees its brokering role in legislation disappearing. The Luxembourg plan calls for a "conciliation committee" between the Parliament and Council akin to the Capitol Hill "conferences" that resolve deadlocks between the two houses of the US Congress – with the Commission

In comparison to the feverish discussions on political union, the IGC on economic and monetary union (Emu) has been more akin to a leisurely academic seminar. Perhaps because of this, the heat has been taken out of the crucial transition question for the UK government:

how to sign an Emu treaty without committing itself to a timetable to join in a single currency?

join in a single currency?

There now seems to be near-consensus on two negative principles, according to one IGC negotiator, in which no country could be compelled by the others into Emu, and no country could defy others in insisting on joining Emu. Were it not, therefore, for approaching UK election fever, Prime Minister John Major's government could feel comfortable. fortable.

This is, however, a side-show for the other 11 countries which are still arguing about what economic disci-pline is needed to bolster a monetary union, and what powers the planned European central bank should have before it starts running a single cur-

Germany has so far played it tough. Will it soften with the weakening fortunes of the D-mark and Mr Kohl? Or will the Chancellor feel he cannot risk further trouble at home by making European compromises? Many in Brussels fear the latter may my in Brussels fear the latter may

Protesters rally to sacked Slovak PM

TENS of thousands of Slovaks took to the streets yesterday, accusing their parliamentar-ians of being traitors for sack-ing the region's populist Prime Minister Vladimir Meciar, Reuter reports from Bratislava. Supporters of the ousted premier, who was dismissed along with seven of his ministers on Tuesday, whistled and called "We want Meciar" at a raily in

Bratislava's main square.

Earlier, others picketed a
session of the Slovak National Council (regional parliament). They carried placards accusing the deputies inside of being traitors and some called for a

general strike. Public transport workers staged a token stoppage and traffic in the city was brought to a standatill. Workers in several factories called for strikes and protests also took piace in other towns around Slovakia. the state news agency CTK

reported.

The all-party presidium or steering committee, of the Council fired Mr Mediar and brought to a head a six-weeklong political crisis which began when he led a break-away from the ruling Public Against Violence (VPN) move-

ment.
Mr Meciar was replaced by his deputy Mr Jan Carnogur-sky, chairman of the Christian Democratic Movement, who said the VPN split had led to the isolation of Slovakia both internationally and within the Czechoslovak federation.

Hungarians pass law on compensation By Nicholas Denion in

HUNGARY yesterday passed legislation compensating peo-

ple whose property was confis-cated by the communist give about F1100bn (\$1.35bn) in bonds and land to the esti-mated 1.5m families who had

property nationalised after June 1949.

The decision was greated with relief that the uncertainty over ownership had been reduced. But few are entirely satisfied by the act's unwieldy compromise between righting the past and encouraging new

Former owners and their direct descendants will have 90 days to make a claim. Then they can get up to Fi5m in financial restitution: bonds which can used to buy into pri-

Parliament yesterday rejected giving former owners of shops and flats an automatic first option on their old prop-

erty.
But peasants will be able to physically take back land whether or not they intend to cultivate it, reflecting the con-servative government's depen-dence on the Smallholder's Party for its parliamentary

majority.

The settlement is much narrower than that envisaged in recent Czechoslovak legislation. The cost of Hungarian compensation is a small part of total state property, which was worth Ft6,000hn in 1988.

French trade gap widens

FRANCE'S foreign trade deficit widened slightly in March, according to provisional fig-ures published yesterday, writes lan Davidson in Paris. The slowdown in demand in France and abroad led to unchanged levels of exports, while imports increased very slightly. The underlying trend points to a further gentle deta-rioration shead

The seasonally adjusted defi-cit in March grew to FFri.7bn (£460m), compared with FFr3.5bn in February and FFr5.7bn in January. The defi-cit in industrial goods grew to FFr4.5bn, compared FFr1.9bn in February.

The Financial Times (Europe) Ltd.
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East Germany Banker tells faces big rise in unemployment

By David Goodhart in Bonn

THE German government is bracing itself for a dramatic increase in east German unemincrease in east German uncur-ployment in July, when several hundred thousand public ser-vants will lose their jobs and the one year han on redundan-cles in the engineering indus-

fry ends.

Mr Thomas Geitz, an official at the BDA, one of the main employers' organisations, said that the engineering industry agreement had been reluctantly respected but employers were hoping to shed many workers in July. IG Metall, the industry union, is seeking industry union, is seeking talks to extend the agreement

Many engineering workers in east Germany are on gov-ernment supported short-time working so the effect of ending the no-redundancies agreement will be to transfer many shorttime workers (currently about 2m) to the unemployed total

Most of the several hundred thousand public servants who

have been suspended on 70 per cent of their pay since the end of last year will also lose their jobs in July. The public ser-vants worked for organs of the former communist state which have now been dissolved.

ruled that the suspension of the workers had not been unconstitutional, except in the case of pregnant women whose suspension contravened their ob security arrangements. Early signs of upswing in the east German economy were detected yesterday by two eco-

since August last year. DIW said incomes in east Germany rose by a fifth from the middle of 1989 to the end of

Yesterday the German con-stitutional court in Karlsruhe

nomic research institutes, the IFO in Munich and the DIW in west Berlin. The IFO business confidence report said that in February the business climate had improved for the first time

Brussels crackdown on Italian state aid

By David Gardner in Brussels

has told Italy to explain why it has prolonged an Ecu292m (£200m) aid scheme for the consumer electronics industry, approved by Brussels in 1984-85 for only five years. The move is part of a widening crackdown by the EC on illegal state aid.

The action is intended as

much to forestall further aid it believes Rome is planning, as to hold Italy to the agreement. This put strict time limits on the aid, channelled through the state's Ristrutturazione Elettronica SpA (REL), set up by the Italian industry minis-try in 1982 to restructure the sector by taking minority stakes in, and providing soft loans for, consumer electronics manufacturers and compo-

nents suppliers. The stakes were supposed to be sold to the private sector after five years; the Commission says state holdings in six companies have not been. Furthermore, Brussels says, three companies in receipt of the subsidised loans have missed their repayments schedule.
This "illegal application" of the agreed aid regime consti-

tutes a distortion of competi-tion, the Commission says, and it has asked Rome for a reply within one month.

Yesterday's decision follows the announcement of four state aid inquiries this month. These gate France's plans to inject around \$400m into Air France. By contrast, the Commission

yesterday approved eight sepa-rate state aid schemes allowed by EC law: for research and development and for backward regions in Italy and Spain; for small to medium-sized industry

peppery and egocentric econo-mist who was his deputy, was cool to the point of frigidity. In contrast to Mr Klasen, Mr Emminger's attention to detail was minute, even extending to occasionally drawing some of the Bundesbank's monetary Mr Klasen formed a close friendship with Mr Helmut Schmidt, the former chancel-

lor, and Mr Karl Schiller, the leg-endary economics minister who helped bring Mr Klasen to are into French plans to pump more than \$1bm into Bull, the computer maker, and Thom-son, the defence and electronics group; into France's use of its main state enterprises to funnel money into smaller Woods currency system. Mr Klasen's refusal to follow Mr Schiller's suggestion of floating the D-Mark in 1972 led to Mr companies in industrially declining areas; into a \$230m Italian plan to restructure the road haulage sector, and into Belgium's plans to recapitalise Sabena, its ailing flag airline, to the tune of \$1bn. The Com-mission also intends to investi-

inevitable and revalue the D-Mark, Mr Klasen's stature improved after Mr Schiller's resignation. In 1973 to 1975, in the wake of high pay settle-ments after the 1973 oil crisis, Mr Klasen surprised many by stepping firmly on the monestepping firmly on the mone-tary brakes to curb inflation. He earned the reputation of provoking Germany's 1975 recession. But the lesson that the Bundesbank could act in Italy and for Dutch ship-builders; and a UK undertak-ing on future industrial sid to assisted areas.



ALL SMILES: Mr John Major yesterday greeting Polish President Lech Walesa at Downing Street. The British Prime Minister assured Mr Walesa of UK support for Poland's political and economic reforms and pledged to encourage investment in the former communist state

World Bank approves \$120m telecom loan for Poland

By Christopher Bobinski in Warsaw

THE World Bank has approved a \$120m loan aimed at improv-ing Poland's inefficient telecommunications system. The loan will help finance the installation of a new digital system including new switches, fibre optic cables and the construction of a satellite

ground station to improve international links.

The World Bank is also considering a \$300m loan to aid privatisation and industrial restructuring, as well as another \$300m loan for heat supply and conservation projects.

devoted to developing financial institutions, employment promotion, agriculture and health services are also being consid-

The telecommunications project is primarily aimed at providing an improvement for 70,000 new business subscrib-ers and will be part of Poland's telephone modernisation programme which is set to cost \$1.5bn over the next ten years. Next week PPTT, the coun-try's telecommunications

over five years.

The World Bank loan, to be repaid over 17 years, is to be accompanied by an Ecurona (248m) loan from the European Investment Bank. The project includes the installation of 12 digital switches and should

try's telecommunications authority, is to announce a shortlist of western companies which are hidding to supply a separate callular telephone network costing \$150m, which should provide 100,000 lines over five years.

The World Bank loop to be

improve communications between 17 towns as well as calls abroad. Poland's Finance Ministry has decided to suspend sales of bonds which gave holders a 20 par cent discount when used to buy shares in privatised com-panies. The issue was to have

The decision, which will be implemented early next month, comes after a parliamentary declaration in February criticised the scheme for overly favouring investors.

The bonds, with an interest rate index-linked to the monthly inflation rate, have been on sale since December 1989. Zl 196.7bn of the bonds had been sold by the end of February.

New World Order requires wider and deeper EC Uffe Ellemann-Jensen sets out Denmark's position before the EC foreign ministers' weekend meeting

HE New Europe in the New World Order; that is the issue which the foreign ministers of the Twelve will discuss at their meeting in Luxembourg this weekend. It is a much more precise description than talking about the establishment of a political union in Europe. We should not underestimate the

magnitude of our job. And for one simple reason: the political and eco-nomic landscape in Europe has undergone significant changes.

After the Gulf war it has become clear that the threats to our societies

pay attention to the developments in the Soviet Union only. Crises in the Near and Middle East, mass-migration, world poverty and threats against the environment should be added to the list.

Denmark considers the European

Community to be the most important block on which to build our New grammes, ministers also reached basic political agreement on information technology (worth Ecul.33bn alone), the same of the s medical research, industrial make the national interests converge.

At the inter-governmental confer-



Denmark's Uffe Ellemann-Jensen

ences (IGC) we now have to sketch out a way towards an economic and monetary union (Emu) and towards a political union. Denmark has tabled proposals which show a way forward.
Our goal is to widen and deepen the
Community. We want to enlarge it
with new member states: the Efta

(European Free Trade Association) countries and countries in central and eastern Europe. We also want to strike a balance between growing internationalisation and regionalism. We want to shape a new relationship between the over-regulated society and market forces.

between the over-regulated society and market forces.

Originally, the European Community was set up in order to promote and enhance French/German reconciliation. The goals were political, the means economic. History forces us to redress the former equation. We have to discuss how to handle the questions of a common foreign and security policy, of the European pillar in the defence of Europe.

In essence, it is necessary to sirke

In essence, it is necessary to strike a proper balance between the Euro-pean Community, WEU (Western European Union) and Nato (North Atlantic Treaty Organisation). It is the Danish view that the common foreign and security policy should in principle extend to all aspects where unanimity can be achieved among the member states. Military co-operation proper should be undertaken within existing alliance structures with member states' present defence commitments being honoured. Member states should unanimously establish

the common foreign and security pol-Denmark and the UK share the

view that, whatever the outcome of the negotiations, one thing will remain certain: without Nato, European defence arrangements would lack credibility, nor would they inspire confidence in the remaining part of Europe.

The strength of the security glue,

which for 40 years has kept western Europe together, is being reduced. That is why we consider it a major goal to avoid a re-nationalisation of defence rollices in the new European efence policies in the new European Architecture.

Europe's voice in the New World Order should be strengthened - eco-nomically, politically and defence-wise. If we fall and leave a disproportion between Europe's economic strength and its political resourceful-ness, we would also leave a Europe on dangerous tracks.

The days are gone when it really made sense to talk about autonomy and sovereignty. The issue before us is about pooling resources. By strengthening international co-operation you necessarily himit your room for manoeuvre - but also for making mistakes. To drive my point home: an

economic and monetary union makes it impossible for a member state to pursue a high inflationary policy cou-pled with successive devaluations. We consider Emu a necessity. To

some extent it is a natural consequence of the liberalisation of capital movements. We want to go shead with the project after sufficient ecowith the project after sufficient eco-nomic convergence has taken place, primarily because you can reap all the benefits only in the third phase. Second, because we want to have a say in the decisions which, in any case, set the framework for our own national policies.

What does Europe really need then?

We need the right blend of visions and ideas - of prudence and pragma-tism. Ideas should be far-reaching, but not out of step with reality. Otherwise

not out of step with reality. Otherwise they could backfire and create a credibility problem.

hitty problem.

It may seem odd to hear such words from a Danish foreign minister. After all, we have for some years been seen as footdraggers in the Community. But we have reversed our policy. I admit it without hesitation. We have learned some learned and we consider. learned some lessons, and we consider it imperative to strengthen the Com-munity in order to create our New Europe in the New World Order.

Gatt disputes system at risk

WORRIES are growing in Gatt that the credibility of its dis-pute settlement system may be undermined by the number of findings left unimplemented by the delay in completing the Uruguay Round of trade talks.

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Mr Lars Anell, who heads Gatt's governing council, said yesterday he was starting talks with parties involved to find a
with parties involved to find a
way out of the problem.
Resolution of the five
long-standing disputes affected
hinges on outcome of the

Adding to trade diplomats' worries is the fact they all involve leading trade powers whose behaviour sets the tone for the trading system as a

whole.
They include findings against the US that its patent law discriminates against foreign companies, and that its countervailing duties on Cana-dian pork are Gatt-illegal.

South Korean trade plans fail to impress

SOUTH KOREA met a frosty reception from its fellow-Gatt members yesterday when it bannched a programme to liberalise trade in a further 133 products, mostly agricultural, as part of a phased move to unwind curbs allowed to

developing countries with bal-ance-of-payments problems. Mr Lee Bong-suh, minister for agriculture, said that South Korea would give more priority to expanding world commerce than to protecting its farmers in revived global

South Korea was blamed as one of the culprits when the multilateral Gatt talks collapsed on the question of farm subsidies last December, but in renewed talks "you will notice that Korea's position...even in the agriculture sector will have changed con-siderably," Mr Lee said.

Mr Young Woo Park, Seoul's deputy ambassador to Gatt,

Mr Anell told the council the threat to Gatt's credibility was

under Section 337.

said his government faced opposition from farmers to the liberalisation.

The US joined other countries including Canada, the EC

The EC has failed to implement two findings - against its rules on circumvention of anti-dumping and subsidies to oilseed crushers.

Japan has failed to liberalise

All, except the anti-dumping

dairy-product and starch

circumvention case, were raised by parties concerned in the Gatt Council yesterday, when the US decimed for the

fifth time to agree to adoption of the Canadian pork finding.

Japan said it was raising the question of US patent law,

because it understood a new investigation had been started

against one of its companies

No immediate solution has been found, and the view is

growing that action must be

and New Zealand in calling the offer disappointing.

Mr Lee said he intended to pledge cooperation toward a successful conclusion of the Uruguay Round, in meetings

with Ambassador Carla Hills, the US trade representative. Besides the Uruguay Round, they also discussed trade issues involving the sale of US cigarettes, current negotiations involving South Korean shipbuilding, and South Korea's recent ansterity campaign, which has drawn US accusations of import exclu-

South Korea, returned to current-account deficit last year for the first time since the mid-1980s, has resisted attempts to open its farm imports in the Round.

WORLD TRADE NEWS

Credibility of | Caricom slow to put common into market

Agreed uniform external tariffs look like being held up a year, writes Canute James

HE EFFORTS of the Caribbean Economic Community (Caricom) to create a customs union are being set back by reservations by some member governments over the impact of a new com-mon external tariff.

The new tariff should have

been implemented by all 13 members at the start of this year. In the event, several were unable to meet the deadline, with trade ministers saying they were concerned about the impact on national economies. Government officials and representatives of the Community's secretariat appear confi-dent that the common tariff will be in place by the end of this year. They suggested that, despite the delay, the imple-mentation of the common tariff would be significant for the Community, not least because it was written into the treaty

While the Community is moving with equal uncertainty towards the reduction of barriers to trade among its mem-bers – the aim is to have a common market in place by 1993 and monetary union the following year - the level of success with which the common external tariff is imple-mented could determine the viability of any attempt to increase economic integration.

establishing Caricom 18 years

Efforts at integration have been bedevilled by parochial concerns and the tendency of some governments to implement significant changes in economic policy without consulting partners.
"We have to get our act

together in view of what is happening in Europe and other parts of the world," said Mr John Compton, prime minister of St Lucia. "All of these things show we must have a common market, and we must have the common external tariff." The community is made up

of the English-speaking coun-tries in the region, including Belize in central America and Guyana in South America. It has a combined market of 5.5m people. All members, except the Bahamas which is not a signatory of the trading agree-ments, have said they will implement the common tariff.

The proposed tariff structure promises low rates of duty on imports which do not compete with goods produced within the community, but sets high rates on any imports likely to injure domestic industry. Under the new tariff the highest rate of duty will be 45 per cent and the lowest 5 per cent. This replaces a structure where tariffs range from 5 per cent to 70 per cent.

The new measures will streamline the three different



St Lucia's Compton: 'We must get our act together.'

community. Rates will differ where imports are raw materials or finished products, and agricultural products will be given protection while inputs for agriculture will be subject

to low tariffs.
"There is need for the common external tariff to stimu-late production in the commu-nity," said Mr Hayden Blades, director of trade and agriculture for the Community secre-

"But the tariff structure must not encourage inefficient production. The tariffs have to be set at levels which will allow regional industry to be

competitive." he said. In effect, however, most of the smaller Community members, in particular the smaller islands of the eastern Caribbean, and Belize on mainland central America, will have to raise their import duties, while the more developed countries (Jamaica, Trinidad and Tobago, Barbados and Guyana)

will be lowering theirs.

This has led some government officials in the smaller states to be concerned about the inflationary impact of the common tariff.

Mr Charles Maynard, trade minister of Dominica, says the the new arrangements will have to be constantly moni-tored to determine the impact on the cost of living "so we can decide, at the level of the Community's Ministerial Council whether we need to revise it upwards of downwards".

Several governments have become dependent on revenues from import duties, and have moved to cushion the expected loss of income with the lower-ing of tariffs. The Jamaican government has imposed a sales tax on some imports on which duties have been reduced.

The new tariff offers greater protection to the fledgling industries of the smaller community members, while pres-enting increased competition

to husinesses in the larger countries. The community's industrial sector is based on light manufacturing and the assembly and re-export of consumer durables.

The changes caused by the new arrangements have unset-tled some manufacturers. Mr Anthony Robinson, president of the Jamaica Manufacturers Association, has complained that the implementation of the common external tariff has exacerbated differences in the level of competitiveness among the Caribbean Community

Mr Robinson said Jamaican manufacturers may be forced manuacturers may be forced to close or reduce operations because "...our Community competitors pay no duty on raw materials, and having made the products, ship them here at between 14 per cent and 21 per cent less than it costs Jamaican manufacturers to ship products to other parts

of the Community." Mr Compton argued that the Caribbean Community has no option but to implement measures such as the common external tariff. "It will take

Kaldnes de Groot, a Norwe-gian yard, in a subcontract worth NKr310m.

The control lines between some sacrifice, there might be the underwater equipment short-term adjustments and we must be prepared to bear these sacrifices if the Caribbean is to adjust itself economically to

installations and the existing Statfjord C platform will be supplied by Alcatel STK, in a subcontract worth NKr190m. The Statijord North satellite will come on stream in April

Statoil

gives out

North Sea

contracts

STATOIL, Norway's state oil

company, yesterday announced the award of

NKr1.4hn-worth (\$215m) of

contracts for two satellite

structures to the Statiford oil-

field. The Statfjord North and

East satellite contracts are to

be developed with underwater

equipment installations and

the contract is the biggest awarded this year in the North Sea for this type of equipment.

Kongsberg Offshore will make and test six underwater

templates and associated

equipment.

British FMC UK will supply wellheads, the main production equipment, in a subcontract worth NKr250m.

The templates, on which the wellheads rest, will be made at

By Karen Fossii

in Amsterdam

1994 and the East satellite will follow in October. Between them the two fields will produce some 300m barrels of crude oil. • Kværner Masa Yards in

Finland, a member of the blg Norwegian Kvaerner group, was awarded a \$300m contract by Miami-based Carnival Cruise Lines to build a 70,000tonne cruise ship. The announcement was

made last night by Mr Ted Arison, the president of Carnival Cruise, during a ceremony in which he took delivery of the M/S Ecstasy, the second of three ships built by Masa Yards for Carnival.

The Ecstasy has a capacity for 2,600 people and will be operated out of Miami like the new building to be called, M/S Sensation, which is due for delivery in 1993.

The contract expands Mass Yards order book to NKr7bn and helps secure the future of the Helsinki New Shipyard, a member of Kvaerner Mass

Dutch group in Korean venture

DSM, the Dutch chemicals group, and two South Korean companies plan to build a \$200m (£117m) plant in South Korea to make caprolactum, the raw material for nylon, Ronald van de Krol reports from Amsterdam.

The Korean companies, Kolon Industries and Nahmae Chemical, will hold a combined 50 per cent stake in the joint venture, with DSM owning the rest. The venture, Hanhwa Lactam, will be based in South Korea's Yeochun region. Commercial output is due to

begin in 1994, with an initial annual capacity of 70,000 tonnes, doubling to 140,000 tonnes. Korean companies used about 240,000 tonnes of caprolactum last year. At present, two thirds of the country's caprolactum is imported from Japan and Europe.

Tokyo and US split on pact wording

By Robert Thomson in Tokyo

TOKYO has agreed that a 20 per cent target figure can be included in a new pact with the US on its foreign semiconductor market share in Japan, but the two countries were divided last night over final

wording of the agreement.

Japanese officials suggested they had made a significant concession in accepting the figure, although it has been clear that the US would not conclude the negotiations unless a target was set.
The two countries have argued for five years over whether a target figure was set

for the first semiconductor agreement, which began in 1986 and will expire at the end of July, with Washington insisting that the commitment was contained in a side-letter and Tokyo arguing that no such commitment was made.

Japanese officials want the 20 per cent to be seen as a general goal rather than a specific target, and are aiming for a final wording of the agreement to be vague enough for it not to be a precedent for market share targets in other trade areas. The foreign-market share in Japan at the end of last year was 13.2 per cent and, under the US interpretation of the present agreement, was supposed to be 30 per cent in July, a target that is now out of reach.

The latest round of negotiations for a new pact began here on Tuesday and con-tinued late last night. While there were hopes that the agreement would be settled, officials of Japan's Ministry of Interna-tional Trade and the office of the US Trade Representative are likely to have to meet

Other important issues have been Japan's insistence that sanctions imposed under the present agreement be lifted, and the choice of a measurement standard for the market share. Japanese officials have argued that Japanese companies are making efforts to increase their use of foreign chips and these efforts should be recog-nised in the new agreement.

The Export-Import Bank of Japan

announced yesterday the signing of a loan agreement for a buyer credit to the Philippines to cover the purchase of geothermal

pines to cover the purchase of geothermalpower-plant equipment from Japan, AP
reports from Tokyo.

The Ex-Im Bank signed the agreement
with the National Power Corporation of
the Republic of the Philippines for a buyer
credit not to exceed Y2.25bn (\$16m).

The proceeds will be used to purchase
Japanese goods and services required for a
mechanical gas extraction system to be
added to the 330-megawatt Tiwi geothermal power plant complex on the southern
end of Luzon Island.

The project is designed to help alleviate
the electricity shortage in the Philippines,
the Ex-Im Bank said.

the Ex-Im Bank said.
It added that the addition of the

mechanical gas extraction system to the power plant will raise the efficiency of operations conserving that part of the power generating steam currently used to remove air contaminants.

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India to

states

hold polls in

two 'rebel'

By K.K. Sharma in New

INDIA'S caretaker government and the country's election com-

mission decided yesterday to

go ahead with national and

state elections in turbulent Punjab and Assam, in spite of

vigorous protests from the big political parties.

The only concession that

was announced was that poll-ing in the two states will not be held at the same time as in

the rest of the country, which goes to the polls to elect a new parliament and five other state

gislatures from May 20 to 26.

Punjab and Assam have long been in the grip of violent insurgencies by secessionist groups. Although militants in Assam have announced they

will give up violence during the election, daily killings con-

tinue unabated in Punjab,

where a number of Sikh groups are backing the demand for an

are backing the demand for an independent nation they call Khalistan.

After hearing protests from a delegation made up by four parties - the Congress party, the Hindu revivalist Bharatiya JanataParty (BJP) and the two

Communist parties - Mr T.N. Seshan, chief election commis-

sioner, announced that polling in Punjab will be held on June 22 and in Assam on June 6 and

Most Delhi politicians fear

Most Delhi politicians fear that fair and free elections are not possible in Punjab because of intimidation by the militants. Mr Rajiv Gandhi of the Congress party recently said that if a state legislature controlled by the militants emerged from the elections, an unstable government in New Delhi would not be able to tackle a demand for independence by them.

Most of the parties have

Most of the parties have threatened to boycott the Pun-jab elections. However, and

their demand for the uncoupling of the Punjab poll from

elections in the rest of the

country has been partly met, it is possible they will revise their decision. Unlike the militants, how-

ever, they have very little time to choose their candidates

since the process of nomina-tions has already started and

ends tomorrow.

Bonn and Tokyo accept forces can serve abroad

By Stefan Wagstyl in Tokyo and David Goodhart in Bonn

yesterday both took significant steps in relaxing the way their post-Second World War constitutions are interpreted, allowing their defence forces to play a role in the Gulf.

The German cabinet yesterday agreed to send 300 Bundeswehr soldiers to Iran to build a camp for Kurdish refugees. This eased restrictions on the operation of German troops outside the Nato area: such deployments had been considered politically unacceptable, although it has never been clear whether they are banned by the constitution.

Japan meanwhile formally approved the despatch of mine-sweepers to the Gulf and the grant of \$100m (£59m) to help Kurdish refugees. The moves could signal a new willingness by Japan to contribute to world affairs following interna-tional criticism of its passive-

ness during the Gulf war. The despatch of six ships is the first time since 1945 that Japanese troops have been sent on active service overseas. But Mr Toshiki Kaifu, the Japanese prime minister, said in a rare televised press conference last night that the move would not set a precedent. He insisted Japan remained wedded to its

peace constitution. He urged the government's critics at home and overseas to show their support - an appeal aimed particularly at China, which has expressed

JAPAN and Germany concern that the mission might set a dangerous precedent.

Mr Kaifu spelt out reasons
why Japan felt it was now right to send minesweepers after the government had rejected the idea in 1987 and again last year. First, since the Gulf war was finished, there was little risk of Japanese servicemen being drawn into com-

> Next, minesweeping was dif-ferent from other kinds of military duty so no dangerous pre-cedents would be set; then, the safety of ships, including oil tankers bound for Japan, had to be secured; also, the Gulf states needed the mines cleared before they could rebuild their economies; finally, Japan had to make a bigger contribution to the

> world. Mr Kaifu said: "It is not right for Japan to stay aloof from the rest of the world." Germany's decision to send troops to Iran, following talks with the Iranian government, comes soon after its own decision to send minesweepers to the Gulf. Although both operations are described as exceptional, with the action in Iran labelled as "humanitar-

what had previously been thought possible. Chancellor Helmut Kohl has promised to revise existing restrictions before the end of

ian" rather military, they indi-cate a significant redefinition



US troops in occupied southern Iraq talking to a single UN soldier after handing over the first of their positions to UN military observers north of Safwan yesterday. Allies urge speed in UN take-over of Kurdish camps

THE US, Britain and France are due to urge Mr Javier Perez de Cuellar, the United Nations Secretary-General, to speed up preparations for a UN take-over of Kurdish refugee camps in

over of Kurdish refugee camps in northern Iraq.

The allies feel that, while the UN has done a great deal of paper work on relieving the plight of the Kurds, it has been slow in putting its plans into effect. They consider that it is high time for the UN to start co-ordinating its efforts on the ground with the

Prince Sadruddin Aga Khan, UN delegate in charge of the refugee programme, told Mr Douglas Hogg, junior British Foreign Office minister, in Geneva last Tuesday that the UN had no objection to taking over the camps, according to British officials.

At the same time, it is clear the international organisation is not pre-pared to take over the allied military operation in northern Iraq because it feels that UN resolution 688 does not give it the authority to do so. US forces in occupied southern Iraq

positions to UN military observers in a simple flag-changing ceremony at an outpost north of Safwan.

outpost north of Safwan.

However, the remarks of the US officer at the transfer seemed to add to the
confusion about the timing and role of
any full UN presence in the area. Col
Bill Nash of the US 1st Army said tersely: "we will continue to protect the refugees," appearing to confirm the UN rejuctance to play a military role. Meanwhile, Iraq moved hundreds more armed men into the northern

yesterday handed over the first of their positions to UN military observers in a lilies did the same. Residents said that 500 to 700 uniformed Iraqis had arrived to join an advance party which drove in by bus on Sunday, and which was described by the Iraqis as consist-ing of armed "police".

The US and Britain have demanded the withdrawed of Iraqi former from the

the withdrawal of Iraqi forces from the area but a US military spokesman denied statements by British military and diplomatic sources that the allies

had given Iraq 48 hours to pull its forces out of Zakho.

The decision by Mr Chandra Shekhar, the caretaker prime minister, that elections will be held in all states with the exception of Jammu and Kashmir, where secessionist groups have also launched a move-ment, has been strongly opposed by the main political

Israelis remanded in Cyprus

FOUR Israelis, two men and two women, arrested on suspi-cion of tampering with a teleone junction box serving the Iranian embassy were remanded in custody for eight days by a Nicosia court yester-

There were no formal charges but a police officer told the court they were inves-tigating conspiracy to commit a felony, possession of bur-glary tools by night, fraudu-lent appropriation of power (meaning the electric current in a telephone) and violation of a prohibitive order.

The two men, Debi Dave, 40 and Faf Souf 33, and the two women, Anna Dolgin and Amit Litvin, both 28, looked quite relaxed as they were brought to court in handcuifs.

arrived in Cyprus on Sunday and were due to leave tomorrow, Friday. The two couples were staying in two luxury hotels in the coastal town of

The four Israelis were appre hended late on Tuesday night when police making a routine security check on the building housing the Iranian Embassy (which adjoins a central Nicosia police station) found them "interfering" with the telephone junction at the entrance to the building.

They allegedly had with them burglary tools that included a pair of pliers, a tiny torch, a screwdriver, a battery-operated welding tool used for fixing cables and several cables with connectors. They told police they were "looking

The four suspects appeared in court without a lawyer and one of them, Dave, said they did not accept the facts presented by the police.

Legal sources say there is no specific law in Cyprus against An Israeli embassy official met the four suspects before yesterday's hearing.

The Iranian embassy in Nicosia, set up two years ago, is headed by a charge d'af-faires and has about 10 staff. Iranian diplomats have said they plan to expand. But, unlike some foreign missions on Cyrpus, the embassy is not a major Middle East listening

It occupies the top three floors of a five-storey office building next to a police station on Santa Rosa Street.

US airlines

lost the \$4bn in the period from August 2 when Iraq invaded Kuwait to March 31. "The government must take steps swiftly to ease excessive taxes and fees on air travel which, with recent increases, amount to more than \$6bn annually and to protect the

IATA said its members had lost \$2bn in the first two months of 1991. "Traffic since

lines were doing as much as possible about security.

Meeting angers other opposition groups Kurdish leaders meet Saddam

By Victor Mallet, Middle East Correspondent

PRESIDENT Saddam Hussein of Iraq held talks yesterday with Kurdish guerrilla leaders internationally-guaranteed autonomy from Baghdad and the safe return of Kurdish refugees to their homes.

Iraqi government officials have been negotiating with the Kurds since last Friday, but the state-run Iraqi media mentioned the discussions for the first time yesterday.
Kurdish organisations have

expressed optimism that President Saddam will make concessions to the Kurds. although many Kurds hate and distrust him and some non-Kurdish opposition groups are angry about negotiations.

President Saddam met

Jalai Talabani, leader of the Patriotic Union of Kurdistan, and representatives of other Kurdish parties, the Iraqi news agency said. "The meeting means there

was agreement on the basic points and that a breakthrough was achieved in the talks," a Kurdish official in Damascus

was quoted as saying.

Both sides need a deal.

President Saddam's army is weakened by the Gulf war and weapons against the Kurds without incurring the wrath of the international community. The Kurdish guerrillas are still a force to be reckoned with in the mountains, but they are fighting for an empty political cause if nearly 2m Kurdish refugees – half the

Kurds of Iraq - do not return home from the borders of Iran and Turkey.
It remains to be seen if Mr

Saddam will accept Kurdish demands for a genuinely autonomous region within a democratic Iraq, for control over oil revenue from Kurdish areas, and for international guarantees to bolster any rreement. A loose ceasefire is in force

in the Kurdish areas of northern Iraq, but Shia Moslem rebels in the south continue to announce guerrilla attacks on government targets.
The Voice of the Iraqi Opposition radio station recently described Mr Talaban's discussions with the government as "a stab in the back for all the Iraqis".

Japan brings in land tax to curb prices

JAPAN yesterday enacted a national land tax aimed at national land tax aimed at curbing high land prices, but property analysts said its impact would be minimal at best, Agencies report from

Tokyo.

The new tax will be set at an annual 0.2 per cent of the assessed value of land starting from January 1, 1992, and raised to 0.3 per cent the following year. If will be reviewed after three years.

Despite an 11.2 per cent rice in January manufactured.

rise in Japan's manufactured goods imports in 1990, their proportion of the country's overall imports remained unchanged at 50.3 per cent, after surging 15.5 per cent the year before, the Japan External Trade Organisation (Jetro)

reported yesterday .
The loss of momentum in the growth of manufactured goods as a proportion of over-all imports was due to the sharp rise in the value of crude oil imports following the Iraqlians of Kurmeit invasion of Kuwait.

Angolan progress

Angola's President Jose Angola's President Jose Eduardo dos Santos said yesterday that he had accepted a proposal by Portugal for a ceasefire in the Angolan civil war next month, followed by multi-party elections before November 1992, Reuter reports from Lisbon. He was addressing the start of an extraordinary congress of the ruling MPLA in Luanda, relayed on Portuguese radio. Portuguese radio.

Pollution costs job

The chairman of South Korea's Doosan group, Mr Park Yong-kon, resigned yesterday after a subsidiary. Doosan Electro-Materials, admitted polluting water supplies in the city of Taegu for the second time in a month, Reuter reports from Seoul.

Burmese change

Burma's opposition has given in to army pressure to replace dissident Aung San Sun Kyi as leader, but will feel only symbolic loss as she has been under house arrest for nearly two years, diplomats said yesterday, Renter reports from Bangkok.

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blame war for \$4bn losses

THE US airline industry lost

THE US airline industry lost \$4bn (£2.3bn) as a result of the Gulf war and needs a reduction in taxes to restore its financial heaith, the Air Transport Association of America (ATA) said, Reuter reports from New York.

The trade association for US airlines said American carriers battling recession, higher fuel prices and reduced demand for air travel brought on by the war "suffered their worst financial period ever".

ATA said the airlines bad

ATA said the sirlines had

industry from future raids on its revenue," ATA said at a news conference with the International Air Transport Association (IATA), which rep-resents airlines worldwide.

months of 1991. "Traffic since the fighting stopped has not come back to pre-war levels despite our hopes," IATA said. IATA said a survey of business travellers had found that 32 per cent had reduced their international air travel during the Gulf war. It said that 30 per cent of those surveyed cited company travel policy as a factor for the cubacks.

a factor for the cutbacks.
The survey also found that
80 per cent believed the atr-

PLO moderates win test of wills PALESTINE Liberation

Organisation moderates have prevailed over the organisa-tion's radicals in a test of wills at a three-day conference in Tunis called to review the latest US Middle East peace

Mr Nabil Sheath, a senior adviser to the Mr Yashir Ara-fat, the PLO chairman, said the organisation should not rule itself out of the game by oppos-ing the US initiative. "We should listen to what is being offered." he declared.

Militants, including Mr George Habash of the Popular Front for the Liberation of Palestine (PFLP), had demanded the rejection of the US initia-tive so long as Washington refused to deal directly with the PLO.
The PLO insists that it

retain the right to name Palestinian representatives at a pro-posed regional peace conference. Israel rejects contacts with the PLO, which it says is a terrorist organisation. Mr Arafat and Mr Roland

minister, have called for Europe to play a leading role in Middle East peace talks. In separate interviews broad-cast yesterday after meeting in Libya on Monday, both said European involvement would European involvement would improve prospects for peace. "I wish Europe to be part of this conference. Mr Arafat agrees. Palestinians want it. Arab

countries wish it. Americans agree. Israelis need to be persuaded," Mr Dumas told French radio.

ANC leader uses meeting with Major to challenge UK position

Mandela seeks more sanctions pressure

By Michael Holman, Africa Editor

MR Nelson Mandela, deputy president of the African National Congress (ANC), was expected to call for continued sanctions against South Africa during his first meet-in Denmark, Mr de Klerk is attempting ing with Mr John Major, the British prime

minister.

Mr Mandela, who arrived in London shortly after President FW de Klerk left for Denmark on the second leg of his three-nation European visit, believes that Pretoria must be kept under pressure during negotiations for a post-apartheid South Africa.

The British position is unlikely to change. It advocates the lifting of all sanc-tions except the arms embargo, as well as the resumption of sporting links, when Mr

Curfew after

Nigerian riots

THE Nigerian authorities have

ing imposition of Islamic law.

cerned that violence could spread to other northern

states, further polarising the

north and south and threaten-

ing plans to install elected civilian leaders in 1992.

The authorities are con-

m Denmark, Mr of Rierk is ariempting to persuade parliamentarians to back the European Community's recent decision in principle to lift the embargo on imports of South African iron, steel and gold coins. The minority Conservative government led by Mr Minister Poul Schlueter, who was due to meet Mr de Klerk, is unable to enact Community Policy without the

Conservatives argue that Pretoria should be rewarded for its reforms, but opposition parties in parliament's Market Affairs Committee, led by the Social Dem-

ocrats, won a vote to maintain sanctions against South Africa.

against South Arrica.

In theory, Denmark can exercise an effective veto over implementation of the Community decision to lift sanctions. But Community officials suggested yesterday that in practice continued Danish oppositions. tion would do no more than cause a delay.

President de Klerk yesterday held talks with two opposition leaders, Mr Svend Auken, chairman of the Social Democrats, Auken, chairman or the social Deliberals, the largest parliamentary party, and Mr Niels Helweg Petersen and Mr Joergen Estrup of the Radical Party.

Afterwards Mr Petersen said that parliamentary are recovered to the parliamentary of the Radical Party.

enact Community policy without the approval of the Danish parliament. ment would review the sanctions stance at the end of June.

Australian pay conflict looms

By Kevin Brown in Sydney

This Nigerian authoriues have moved swiftly to crack down on some of the worst Chris-tian-Moslem violence in a decade, which they fear could threaten a planned return to AUSTRALIAN trade unions moved towards open conflict with the centralised wage fix-ing system yesterday after a key committee rejected a 25 per cent pay award by the Industrial Relations Commiscivilian rule, Reuter reports civilian rule, neuter reports from Lagos.

A curfew was imposed in Bauchi state after more than 80 people were reported killed and up to 12 Christian churches burned in violence blamed on Shia Moslems seeksion, a national labour court. Under Australian law, the

commission has the power to prevent employers agreeing to increase wages by more than the award unless they seek exemption as a special case. However, the award conflicts with a separate wages agreement between the Australian Council of Trade Unions (Actu) and the federal Labor government, known as the Accord.

The Actu's wages committee

said the award was unworka-ble, and said it would ask a conference next Wednesday to approve industrial action in defence of the Accord. If the conference agrees, the unions will campaign for payment of the latest stage, which includes a A\$12 (£5.40) a week pay rise a Maiz (20.20) a week pay the from May 16, a 3 per cent increase in employers pension contributions, and provisions for further productivity negoti-

ations at company level.

Mr Martin Ferguson, Actu
president, said that "if we as a
union movement sought to implement it [the award], it would be rejected out of hand by Australian wage and salary

The federal government also said it opposed the award, and would honour the Accord for public sector workers and employees of government-owned businesses, such as railways and airlines. The response to the indus-trial Relations Commission

award is likely to accelerate moves towards the replace-ment of the centralised labour system by company-level collective bargaining, which has the support of government, trade unions and employers. However, employers could face short-term industrial unrest if the unions go ahead with a campaign for an illegal breach of the commission's award.

FINANCIAL TIMES THURSDAY APRIL 25 1991

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two 'rebel'
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IMF World Economic Outlook

Developing economies will continue to decline

By Stephen Fidler, Euromarkets Correspondent

eastern Europe, Latin America and the Middle East contracted last year, and the decline is expected to continue this year in eastern Europe and the Middle East, according to the Its World Economic Outlook

suggests overall growth in gross domestic product in veloping countries fell to 0.6 per cent last year, from 3.1 per cent in 1989. It is projected at 0.8 per cent this year, rising to 3.4 per cent next year.
The IMF estimates the debt

of all developing countries rose nearly 6 per cent in 1990 to \$1,306bn. New borrowing of \$50bn and valuation changes due to the dollar's fall (\$51bn) more than offset the fall in debt (\$29bn) due to various operations to reduce the debt of developing countries.

problem debtor countries to to \$257bn in 1992, from \$311bn in 1990, reflecting both debt reduction deals and net repayments. By 1992, the share of official debt to these countries will have grown to 52 per cent in 1992 from 47 per cent in

Congress prepares

to act on federal

bank insurance

By Peter Riddell, US Editor, in Washington

ance fund which protects

depositors. This follows esti-

mates by the General Account-ing Office that the fund's finan-cial position is worse than

Mr William Seidman, chair-

man of the Federal Deposit

Insurance Corporation, said that the annual GAO audit,

due to be released tomorrow, would show that the fund stood at only \$4bn to \$5bn at

the end of last year, compared with the FDIC estimate of \$8.4bn, which it still defends.

ing views on when to take

account of anticipated losses

Mr Seidman said yesterday

that the GAO figures could

increase the pressure on Con-gress to act quickly on the problems of the fund and the

Mr Nicholas Brady, Treasury Secretary, is holding talks with Republican Party leaders about

how to rescue as much of his plan as possible. Proposals to allow commercial companies to

wn banks have always looked

highly unlikely to pass. However, the Treasury

wants to ensure that any legis-

from bank failures.

banking industry.

The difference reflects vary-

1990. Debt reduction operations will contribute to a big drop in debt-GDP ratios in problem debtor countries. Among 15 heavily indebted countries, this ratio will fall 7% percentage points to 30 per cent in

 The Middle East: Output is estimated to have shrunk by 1.5 per cent last year, reflecting the sharp contraction of the economies of Kuwait, Iraq and Jordan. Total regional output is estimated to decline by a further 3.3 per cent this year, before recovering in 1992 when 8.5 per cent growth is expected,

tion in Kuwait and Iraq.

The combined balance of payments surplus of the Middle East countries is estimated to have shifted from near balance in 1989 to a surph \$14bn last year, mainly because of the rise in oil prices. It will shift dramatically to deficit of \$50bn this year and \$25bn next, mainly because of • Latin America: Output declined by 1 per cent last year, compared with a modest 1.5 per cent rise the year before. Some of the decline was

overhaul of deposit insurance, recapitalising the insurance fund and tighter supervision, but also nationwide branch

banking and, preferably, a

commercial and investment

banking. The main bank regu-

lators all favour a broad-

ranging package. However

Congressman Henry Gonzalez, Democratic chairman of the

House Banking Committee, has

said his committee will act on the fund recapitalisation "not

destruction of barriers between

due to transitional economic adjustments, rather than desta-bilising macroeconomic poli-cies — the primary factor in previous years. If significant delays or slippages in reform programmes are avoided, growth should resume this ar, at about 1 per cent, and reach 3.3 per cent next year.

• Asia: Growth slipped to 5.3 per cent last year in Asian developing economies, from 5.5 per cent in 1989. It is expected to remain about 5 per cent this year and next - three percent-age points below the average growth rate for 1983-89. The Gulf war cost the oil-importing otor countries of the region almost ½ per cent of GDP last year, with the countries hurt by a loss of remittances.

• Africa: The rise in the price

of oil and a drop in the price of other commodities depressed growth in Africa in 1990. Gross domestic product growth should be little changed at about 2 per cent this year but pick up to 4.8 per cent in 1992. Little progress, though, is seen at alleviating poverty, and GDP levels per capita are expected to remain at the level

Attempt to kill Chilean senator backfires

A MAN died and a woman was A MAN used and a woman was seriously hurt yesterday when a bomb they were carrying exploded near the home of a right-wing Chilean senator, police said, Reuter reports from Vina del Mar, Chile.

The bomb with a timer mechanism exploded in a street of Vina del Mar, about 100km north-west of the capital Santiago, as the pair were apparently about to plant it at

The bomb was the first political attack in Chile since rightist senator Mr Jaime Guzman was shot dead as he left a uni-

bers of the Marxist Manuel Rodriguez Patriotic Front guer-rilla group killed Mr Guzman As a result of Mr Guzman's death, the government last week set up a special anti-ter-

No group immediately claimed responsibility for Wednesday's attempted bombing.
Mr Urenda, formerly an inde-

Argentine president, Mr Carlos Menem said on Tuesday he had postponed until October

one time for their campaigns.

the house of senator Beltran Urenda, police said.

versity lecture in Santiago April 1.

rorlsm bureau to combat extremist violence.

pendent senator, recently joined the Independent Demo-cratic Union founded by Mr

20 mid-term elections origi-nally scheduled for September 8, Reuter reports from Buenos

Industrial states urged to increase savings

report that important ques-tions are being asked about

cial fragility in several coun-

But it stressed that these concerns "should not over-

shadow the overriding impor-

tance of achieving sustained

growth over the longer term."
This would require contin-

ued reliance on monetary poli-cies to combat inflation, push-

ing ahead with structural policies including liberalisation of international trade, plus

encouragement of savings

THE world's industrial countries will have to gear their fiscal policies to increasing national savings, if they are to achieve sustained real interest rates, the IMF

warned yesterday. In its latest World Economic

Looking ahead to the mid-1990s, the IMF said that tougher fiscal policies in the three countries could help

Europe. In one scenario, the IMF cal-culated the possible impact of the US eliminating its federal

between now and 1996.

By 1996, the real capital stock in the industrial coun-

change macro-economic policies to deal with fragile

reduce their use of world sav-ing and strengthen their public finances would have important benefits for the world economy," the IMF said. in the near term, the report said that prospects for global economic growth had clearly deteriorated since its last Economic Outlook in October last

The economic position of the industrial world was characterabout 0.25 per cent or \$25bn. ised by sharply different cyclical positions among the major countries. At the same time, the prospects for inflation had It was acknowledged in the

Converting higher savings into effective domestic invest-ment also requires stable poliwhat economic policies should be pursued, in the light of eco-nomic weakness in some coun-tries, the aftermath of the Gulf war, the fluctuations of the

> "If the environment for investment in domestic assets is not favourable, action to raise domestic saving could turn out to be deflationary or simply promote capital flight," the Outlook said. "Conversely, measures to boost investment

mated at a 2.8 per cent rate in 1992 and an average 4.4 per cent from 1993-96. against using monetary policy to alter the present exchange rates relationships between the US, Germany and Japan. It HIGHLIGHTS OF IMF ECONOMIC PROJECTIONS also said they should not Output (reat GDP) annual % change

The IMF said the Gulf war and reconstruction in the Middle East would involve the world in a substantial net budgetary cost. It said last year's temporary rise in oil prices and developments in the Middle East raised industrial country consumer prices by about 0.5 per cent last year and cut real gross national product by

Stephen Fidler adds: Measures to improve savings in developing countries are necessary to promote growth but are not sufficient by themselves the report said.

cies at a macroeconomic level. The experience of east Europe - where high investment rates were not converted into strong economic performance - shows that conditions must also be in place to make sure investment is effectively

will not succeed if the required financing is not available."

Big Apple apartment workers'

THE streamlined city lifestyle of thousands of New Yorkers

From the most high-toned Park Avenue apartment blocks to hovels in Hell's Kitchen, residents are confronting a

Even so, the strike seemed to take some union members

To date, the dispute seems to have been largely good-humoured. Good doormen are a valuable commodity in New York, and those residents inclined to whinge are careful to do so out of the strikers' earshot.

Many apartment blocks, meanwhile, quickly instigated temporary arrangements, ask-ing residents to take out their own rubbish and pick up deliv-eries from lobbles.

Even in extreme situations. it seems commonsense prevails: two striking Pifth Avenue doormen were reported to have abandoned

potential output would be almost 0.5 percentage points higher. But the nations would not necessarily have to work in concert to help the world economy, it said.
"Actions in one country to

Outlook, the fund singled out the US, Germany and Italy as nations where additional mea-sures to curb budget deficits could be required.

boost industrial country growth and investment, and world economic activity as a whole. Mr Jacob Frenkel, IMF research department director was important that govern-ment claims on savings be cut because of the increased investment demand resulting from the Gulf war and economic restructuring in eastern

budget deficit by 1995; Italy cutting its state sector deficit of more than 10 per cent to about 6.5 per cent of gross domestic product by 1993; and Germany increasing government saving by about 1 per cent of gross national product

tries would be 1.25 per cent higher than it would have been in the absence of fiscal action,

strike bites

By Nikki Talt in New York

has been thrown into turnoll this week.

strike by 30,000 building ser-vice workers.

This is no joking matter. Jobs done by striking employ-ees – members of Local 32B-32J of the Service Employees International - range from internal rubbish collection to

Many doormen, security guards, lift operators and care-takers have joined the strike. At issue is a new wage contract. Neither side has been forthcoming about the negotiations, but at the weekend, when the strike began, the union claimed that the building owners represented by the ing owners, represented by the Realty Advisory Board on Labour Relations, were offer-ing wage increases of only 2 per cent a year over three

by surprise. "The first I knew about it was when we were called out on Sunday," said

their picket line yesterday to rescue a maid who had set fire to her wealthy employer's apartment with an overheated

How the dispute will be resolved is unclear. The union claims that many building owners are settling individu-ally, saying that these num-bers now run into three fig-

The owners claim that this trend is being over-played and that the number of individual settlements is much less.

Proposals by Democratic Party leaders in the House of Representatives, seeking to separate the immediate recapi-talisation of the bank insurinsurance and recapitalising the bank fund. ance fund from the fundamental structural changes to the The Treasury may be forced banking system proposed by the administration, threaten both the scope and the sub-stance of the plan.

to compromise over the \$70bn insurance fund recapitalisainsurance find recapitalisa-tion, in face of the opposition both of Congressional Demo-crats and Mr Alan Greenspan, the Federal Reserve chairman, to the proposal that the fund should be able to borrow \$25bn

Treasury itself. A compromise is possible.

later than May 15." Despite assurances by Demo-cratic leaders, including House Speaker Tom Foley, that broader banking reform would still be tackled, the Treasury fears that, having dealt with the immediate problem. Congress will postpone action on the more controversial

long-term issu The Senate Banking Committee plans to start writing its version of the legislation in June and Senator Don Riegie, its chairman, has said the pri-

from Federal Reserve banks. Instead, Mr Gonzalez and Mr Greenspan argue that the borrowing should be from the

tax reduction policy

Setback to insurance

the Senate to shelve the pro-Senator Daniel Moynihan,

the New York Democrat who is the leading proponent of the Social Security tax reduction, said the movement for lower social security taxes had gained ground because the other side had admitted that the tax funds were being used

inappropriately. However, support for the measure has apparently dimin-ished since last year, when 54 senators voted in its favour. Senator Moynihan will try

THE DRIVE in the US again later in the session but Congress to reduce taxes for the US old-age insurance system yesterday suffered a joint partiack on a 60-38 vote in President George Bush, who along with Republican and

most Democratic leaders, con-tended that a reduction in social security taxes would jeopardise the entire system.
A majority of the Democrats
supported Senator Moyniban, agreeing with his contention that regressive social security tax is being used to mask the size of the federal budget defi-

They propose to make the system more progressive by increasing total payments by

Loans to Nicaragua clear way for arrears payment

\$360m in overdue payments to the World Bank and the Inter-

By Tim Coone in Managua NICARAGUA expects to settle Carios Andrés Pérez to Nicara gua today, to mark celebra-tions of the first year in office of President Violeta Barrios de Chamorro of Nicaragua. Between \$100m and \$150m

American Development Bank (IADB) by the middle of this year, following the approval of

year, following the approval of \$225m in bridging loam finance by the Mexican, Venezuelan and Spanish governments.

Mr Antonio Lacayo, Nicaragua's Minister for the Presidency, said on Tuesday night that Mexico and Spain had confirmed in the past week their support for the financial package. He said that Venezuelan support was to be ratified dursupport was to be ratified dur-ing the state visit of President

Between \$100m and \$150m has been pledged by other countries on longer-term finance. A special meeting is to be held in mid-May in Paris to finalise the entire package. Settlement of the overdue payments to the multilateral institutions is considered to be

a central pillar of the govern-ment's economic stabilisation plan, as it would unlock new foreign credit for the country. Prince Charles warns Brazil

By Christine Lamb in Rio de Janeiro BRITAIN'S Prince Charles

yesterday urged Brazilian busi-ness to act over deprived com-munities, and warned against the social costs of progress.

The prince told business leaders in São Paulo, on the third day of a six-day visit to Brazil: "Action to address com-munity problems cannot be successful without full busi-

ness involvement.
"I cannot help feeling our societies and economies are set on a course in the name of progress which has already brought us close to ecological disaster and social dishardisaster and social dishar-mony, and now requires urgent remedial action."

While sympathising with Brazil's problems, Prince Charles urged its business community to act now or face appalling social consequences of increased violence and illit-

eracy. The prince and his wife, Princess Diana, are in Brazil at the invitation of President Fer-nando Collor.

nando Collor.

In warning against "a tendency to see environmental disaster as tomorrow's problem", the heir to the British throne urged closer North-South co-operation.

"If we do not implement sentials and heiters are her tendence of the policies and her heiters." sible policies, such as better access and a fairer price for exports from the developing

South, we cannot expect countries such as Brazil to adopt costly measures which ... risk compounding existing eco-nomic difficulties." • Reuter reports from Washington: The Inter-American
Development Bank has
approved two loans to Brazil
totalling \$350m (£205m) for

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Lesser shrinkage forecast for east Europe

By Stephen Fidler in Washington THE ECONOMIES of eastern Europe shrank by almost 9 per cent last year, according to International Monetary Fund included, the regional econo shrank 3.8 per cent this year. It is forecast to decline 4.2 per cent this year and 2.1 per cent next. Growth will average The fund's World Economic Outlook forecasts that real gross domestic product will fall again this year, but more mod-1.2 per cent from 1993-96. According to IMF staff proestly: by 1.5 per cent against account deficit of the region, 8.6 per cent in 1990. Growth in the region - Bul-garia, Czechoslovakia, Hunexcluding the Soviet Union, will rise to about \$100n this year and \$110n next. gary, Poland, Romania and Yugoslavia – should then resume as the private sector This will reflect the widening of external deficits with the traditional convertible cur-

rency area and deteriorating trade balances with the Soviet Union, with which they now

-99.3 -37.8

trade in hard currency.

expands and efficiency contin-nes to improve. Growth is esti-

Consumer prices (% change)

E. Europe and Soviet Union

Unemployment rates (%)

World Trade (% annual change)

mentioned companies,

manganese ore.

Alpha Finance A.E.

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and substantial real estate holdings.

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PRIVATISATION IN GREECE

2. HELLENIC TECHNOLOGY AND CONSTRUCTION (ETEKA) SA

In accordance with the Greek Government decision

concerning the privatization of a number of State-

controlled companies, the Industrial Reconstruction

Organisation (iRO) intends to sell its shares in the above-

Elefsis Bauxite Mines was established in 1951 in

Athens, Greece. It is a mining concern involved in the

extraction, crushing and screening of bauxite ore. The

company has over 3 million tonnes of proven bauxite ore

reserves in owned and leased allotments and substantial

inventories. In addition, it extracts and processes

Finally, the company has its own infrastructure facilities

For further information, interested parties are requested to

2. ETEKA S.A. is today a multi-discipline engineering and

construction company which can analyse, plan and

execute a wide range of complex industrial projects. It

originates from PYRKAL's engineering department (the

115-year-old Greek weapons industry) and since its

founding ETEKA has been operating on the basis of

clearly defined profitability criteria. Recent examples of

the company's large industrial projects are the Public

Power Corporation's huge mine infrastructure projects in

Invitation to express interest for the acquisition of

Current account payments balances (\$bn)

Industrial countries

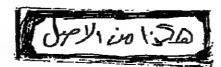
Industrial Countries

Industrial Countries

Developing Countries

Japan W Germany

Japan W Germany



FINANCIAL TIMES THURSDAY APRIL 25 1991

BURNDAY APRIL 25 1991

inkage

Kevlar* makes Audi engines last longer. Tyvek* gives every Audi a lifetime identity.

Every Audi is unique. Even cars of the same model have differences in equipment, and keeping track of them is vital. At Audi these equipment differences are encoded and printed on adhesive labels which are then placed inside the boot and in the vehicle's service handbook. Any subsequent repairs or parts replacement are thus made much easier.

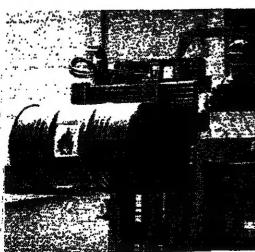
To make sure this system runs smoothly Audi uses labels made only from Du Pont TYVEK, because of its tremendous wear resistance and other exceptional properties. Like TYVEK, KEVLAR is also made by Du Pont, and is no stranger to automotive manufacturers; they've known about the merits of this high strength, low weight fibre for years. KEVLAR, for example, is used to reinforce cylinder-head gaskets and cooling system hoses in high-performance engines. It is also widely used in brake pads, clutch linings and tyres.

The many strengths of Tyvek.

In developing TYVEK Du Pont was able to combine many of the best properties of paper, fabric and film. This unique spunbonded olefin material is extremely light, yet strong and tear resistant. TYVEK shrugs off water and most chemicals, resists puncturing, is approved for contact with foodstuffs, and retains its remarkable properties down to -70°C. It is also highly printable, with a smooth, white surface that's suitable for all processes including computer printers. TYVEK is easily recycled or disposed of, with no adverse environmental effects.

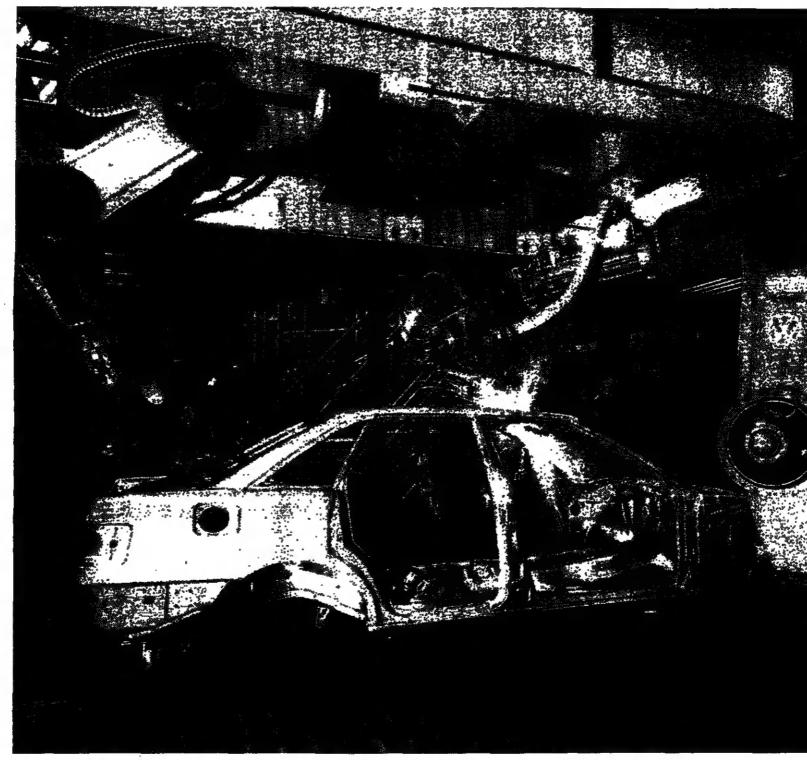
 $\frac{1}{4} = \frac{1}{2} \left(\frac{1}{2} \cdot \frac{1}{2} \cdot \frac{1}{2} \cdot \frac{1}{2} \cdot \frac{1}{2} \right)$

Last label... hig problem.
Labels that get torn, worn or waterlogged can't be read – and an unreadable label is as useless as no label at all. For instance, what's the point of urgently shipping spare



TYVEK for labels you can only an.

parts if no-one knows what they are? And chemicals that have lost their identity can be downright dangerous if wrongly stored or handled. It is because of the exceptional physical and chemical resistance of TYVEK and the labelling integrity it provides, that it is specified by such leading companies as Ciba-Geigy, ICI and Schering.



With Tyvek the way ahead is clear. Paper road maps, city plans and marine charts are great when they are new. But after a while they start to tear at the edges and fall apart at the folds... and if you get them wet they're simply unreadable. But maps and charts printed on TYVEK are different; they can be folded and unfolded endlessly, and can't soak up water (drop one overboard and it will not only float, it'll stay completely readable). Even after years of use a map printed on TYVEK will still be pointing the way.



This remarkable durability is why TYVEK is specified by many leading map makers, including Edison Cartographiques, Maritimes and Delfino Editrice, and why the yachtsman's "Blue Book" of Mediterranean ports is printed on TYVEK. Few things take more of a beating than children's books and games... and few materials can take the punishment better than TYVEK. Which is why, for example, Ravensburg Games use it to extend the life of their products.

Packed safety.

packing applications.

protection.

TYVEK's special properties of strength,

the packaging industry. Its versatility is

laminated, heat-sealed, bonded with

security, chemical and physical resistance

and light weight offer many advantages to

useful, too: TYVEK can be printed, diecut,

adhesive and stitched. Its smooth surface is

while its air permeability allows products to be gas sterilized, making it ideal for sterile

perfect for record and floppy disc sleeves,

Long-lasting legibility plus people

Labels, envelopes and packaging are

by no means the only uses for TYVEK.

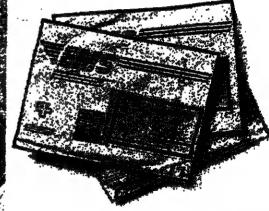
Tyvek delivers, safe and sound.

When you send something by mail or courier you want it to arrive in the same condition as when it was sent.

Envelopes of TYVEK resist pittering or accidental exposure of the contents through tearing, puncturing, bursting and abrasion. Add to these qualities their postage-saving light weight, water resistance and high-quality appearance, and it is little wonder that they are the primary choice of many banks, insurance companies and legal firms.

No surprise, either, that courier services such as Federal Express, and several postal authorities use envelopes of TYVEK for their important and urgent deliveries. durability lend themselves to almost any application where the message must get through — display materials such as banners and posters, freight waybills and shipping documentation, ID cards and season tickets, wiring diagrams and instructional manuals... the list is almost endless.

The same advantages of strength and



TYVEK inner valuable documents sale in tra

And TYVEK protects people, too. Wherever there are hazardous work situations such as asbestos removal, chemical clean-ups, crop or paint spraying, or hospital surgeries and high-tech clean rooms, protective clothing made of TYVEK is available for a wide variety of applications.

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KEVLAR, NOMEX* and TYVEK are produced by the Engineering Fiber Systems division of Du Pont, which also developed TEFLON*, TYPAR*, CORDURA* and high-strength Nylon. From house and home to air and space, these products have opened up new perspectives in countless areas and applications.

Du Pont is one of the world's leading research-oriented companies, with 39 production plants and laboratories in Europe alone.

Du Pont de Nemours International S.A. Engineering Fiber Systems, P.O. Box 50, CH-1218 Geneva, Switzerland Du Pont Engineering Fiber Systems. Develop with us.

*Du Pont's registered trademark.



action to d

CAA rules out smoke hoods for air passengers

By Paul Betts, Aerospace Correspondent

THE CIVIL Aviation Authority the CAA decision. After the (CAA) has ruled out the use of passenger smoke hoods on airlines because they risked delaying emergency evacua-tion of an aircraft cabin on fire. But a CAA report on improv-

ing passenger survivability in aircraft fires favours the intro-duction of water spray systems Tests have shown that water sprays would hold down cabin temperatures and extend the

time for safe evacuation in the

event of fire. However, their introduction would increase an airline's overail operating costs by increasing the weight of an aircraft. A narrow body jet would have to carry 45 gallons of water while a jumbo jet about 130 gallons

130 gallons.
The CAA's opposition to smoke hoods face masks which would protect passen-gers from fumes is likely to provoke flerce controversy because of widespread calls for their introduction following the fire on a British Airtours Boeing 737 at Manchester, north-east England, in 1985. Britain's Consumers Associa-tion said it was "outraged" by

accident in which 55 people died, including 48 from inhaling smoke and toxic gases, the CAA was asked to consider introducing smoke hoods on UK-registered aircraft.

The House of Commons Transport Committee said at the beginning of this year that smoke hoods should be carried. But Sir Christopher Tugend-hat, the CAA chairman, said yesterday that smoke hoods were likely to increase rather than reduce the risk of death. An analysis of accidents since 1985 showed that while the hoods could save one life

per year, the more likely out-come was that up to eight lives could be lost because of delays in evacuating aircraft. Civil aviation agencies in other countries had also studied smoke hoods and decided against their use

Mr Ronald Ashford, the CAA's safety director, said the European Commission had completed a draft directive to harmonise aircraft safety standards which was now with the EC Council of Ministers. He said the directive was expected to be published in June.

Ivor Owen examines the support for proportional representation

Voter poll backs electoral reform

HALF the electorate favours replacement of Britain's first-past-the-post voting system by proportional representation according to a survey pub-

lished yesterday.

Britain is the only country in Europe with a first-past-the post system and the survey, conducted by the poll group Mori, indicated that Conservative voters were split almost evenly over the switch.

This reflects a growing pub-lic perception of Mr John Major, the prime minister, as a more consensual figure than Mrs Margaret Thatcher, his predecessor, but will make lit-tle impact on the Conservative Party's traditional opposition to proportional representation so long as it is can command a majority in the House of Com-mons at regular intervals. Mr Robert Maclennan, home

affairs spokesman for the Lib-eral Democrats the most conreform among the leading political parties said the survey showed they were more in tune with public opinion about how Britain was governed than their rivels. their rivals.

Pressure on Mr Neil Kin-nock, leader of the opposition Labour party, and his cabinet to back the change will be intensified by the disclosure that more than 65 per cent of Labour Party supporters would



A traditional political scene on election night as hallot papers are counted

Mr Robin Cook, Labour's principal health spokesman and leading advocate of the abandonment of the first-pastthe post voting system in the Labour Cabinet, welcomed the verdict that Labour voters wanted proportional representation even more strongly than the rest of the population. Mr Cook's enthusiasm is

unlikely to receive early public endorsement from Mr Kinnock who, like the majority of his senior colleagues, fears that a declaration of support for changing the voting system at the present juncture would be interpreted as lack of confi-dence in Labour's prospects for forming a majority govern-

ment after the next general

But a resolution approved by last year's Labour conference requiring the National Execu-tive to consider alternatives to the first-past-the-post voting system for elections to the House of Commons ensures that it stays high on the par-

Other findings from the survey are: More than 50 per cent support fixed-term parliaments thus denying the prime minis-ter of the day the right to make political capital out of determining the date of a general

Rights enshrining individual

freedom has 72 per cent sup port, and 60 per cent believe government power is too cen-

tralised.
While majority government is preferred on balance (49 per cent to 45 per cent) half the public would like to see more party co-operation.

A devolved assembly is the

most popular option among Scottish voters, with majority support for legislation to estab-lish one in the event of the Conservative Party continuing to hold on to power through the seats won in England and

Wales.
Mori interviewed 1,547 adults between March 7 and March 25

BRITAIN IN



IBM to cut back its UK activity

International Business Machines is rationalising its manufacturing in the UK with the loss of 400 jobs over three years at two UK plants. The company, the world's largest computer maker, said

the chief aim of the rationalisation was to to elfminate duplication in services to the two plants IBM said that did not imply that the affected sites in Hampshire, southern England, and near Glasgow, Scotland. were less efficient than their counterparts in the US or Japan. The company said it remained committed to a full

employment and there would be no redundancies. IBM plants world-wide compete against each other to manufacture particular computer systems. The performance of plants making comparable equipment in the US, Europe and Asia is closely monitored.

Power stations to close

Powergen, the UK electricity generator, announced the closure of two power stations with the loss of 440 jobs. The company said the stations were "inefficient and increasingly unprofitable".

The stations, in West Yorkshire, northern England and Warwickshire, central England, are due to close in November next year and their output taken on by new installations under

Hours lost on short time

The number of hours lost through short-time working has doubled over the past year as organisations atte hold on to skilled employee during the recession rather than make them redundant, according to a study published

Big option for Scottish Power

Scottish Power, the larger of the two Scottish electricity companies to be floated at the end of May, says it has raised its exposure in the electricity options market with a 77 per cent increase in the eige of the cent increase in the size of its option contract with the 12 English regional electricity companies.

Police urge open tribunal

Serious allegations against police officers should be heard at tribunals open to the public, according to the chairman of the police complaints

authority. The authority, an independent government appointed body, oversees investigations into serious complaints against the Last year, it received 7,156 new cases for consideration - 16 per cent more than in 1989. The Home Office said that this did not indicate that

did not indicate that complaints against the police had risen by 16 per cent since the number of cases referred to the authority did not reflect the total received.

Judge Francis Petre, said in the report that the proposed tribunals hearing serious cases would include independent representatives and representatives and recommend punishments to chief constables. Less serious allegations would still be handed by police forces internally, but with lower standards of proof than at

He also criticised the level of secrecy surrounding the handling of complaints. At present, members of the public making complaints are not informed of disciplinary decisions made by chief constables.

Building society receipts fall

Building society receipts fell to £542m in March from £508m in February, mainly because investors withdrew funds to apply for electricity shares. However, mortgage advances rose sharply in February as falling interest rates spurred home-buying.

Recession in Wales deepens

The recession in Wales is deepening according to the latest survey from the Cardiff Chamber of Commerce. The position in Wales is now on a par with that in the rest of the UK. This confirms the views of businessmen in Wales who are not directly associated with the chamber.

Euro-teacher service starts

A European teacher placement service has been launched by the Department of Employment. It will provide week-long placements in companies on the European mainland for more than 500 teachers a year, funded jointly by the government and industrial sponsors.

Motorway tunnel plan

The Transport Secretary, Mr Malcolm Rifkind is looking at proposals to tunnel the MS motorway under part of Hampshire, southern England, to save ancient monuments and an area of beautiful landscare



The move follows a meeting at the Commons between Mr Rifkind and protesters who Riskind and protesters who warned that completing the M3 link between London and Southampton would destroy one of the finest landscapes in the south of England.

Environmental groups are opposed to the scheme because it would cut through two scheduled ancient monuments.

scheduled ancient monun two Sites of Special Scientific Interest and the East Hamsphire Area of Outstanding Natural Beauty.

Arts Council cut back

The Government has ordered a 10 per cent reduction in staff costs at the Arts Council Early jobs could go. The arts minister, Mr Timothy Renton, said the £1m annual saving would be achieved at a cost of £1.5m in redundancy payments.

Media job losses grow

The toll of media job losses is mounting. The BBC announced 364 redundancies among its national radio staff while News International, the media group run by M. Burnet. media group run by Mr Rupert Murdoch is to cut 185 jobs from its newspaper printing

workforce.

The BBC redundancies will affect cleaning, catering and security staff at Broadcasting House in London, where its national radio operation is located. The losses, which involve one in eight employees at Broadcasting House, are the result of a decision to contract out those services.

contract out those services. Yesterday's announceme means the BBC has called for more than 1,000 redundancies

Ex-Guinness head sick

Mr Ernest Saunders, the former chairman and chief executive of Guinness, is suffering from incurable pre-senile dementia, the appeal court was told. A brain scan has revealed evidence of abnormalities of his brain, in particular the frontal lobe. Doctors called to give

evidence on Mr Saunders' appeal against the five-year jail sentence he is serving for his part in the Guinness affair said they believed he would have been suffering from the illness during his trial last year.

Correction In Tuesday's Computer

Industry survey, we suggested incorrectly that Sinclair Research was now part of the Amstrad organisation. In 1986, Amstrad purchased the right to use the Sinclair trade name together with Sinclair's intellectual property rights, patents and stocks of home computers. Sir Clive Sincisir, however, retained ownership of Sinclair Research.



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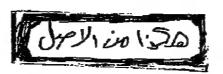
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"The realisation that here was a car of real, deepdown design integrity and build quality was a slow-dawning delight ... I knew then that if I ever owned a serious car it would be a Mercedes."

You'll still be

So wrote David Vivian, Autocar discovering its true values & Motor's road test editor (26 December 1990), about his long-term test 190E long after 2.3-16. And in so doing, he pin-pointed the you've forgotten its price reason so many demanding drivers buy Mercedes-Benz cars time and

time again (when it would be simple enough to buy what seems, superficially, to be a cheaper car).

QUALITY MEANS VALUE

No manufacturer is more deeply committed to value for money than Mercedes-Benz. For them, it is inseparable from the deep-seated build quality that Vivian writes about. (Fact: every eleventh Mercedes assembly worker is a quality controller. Fact: Mercedes body shells have between 4700 and 5600 welding points, an inordinate number, giving them a "hewn from granite" feel.)

Value for money takes on even sharper focus when you think_about running costs, servicing





ENGINEERED LIKE NO OTHER CAR IN THE WORLD

standards and resale value. "Up to the 18,000 mile service, we spent just £95 on parts and £131 on labour," wrote Bob Murray, editor of Autocar & Motor (7 November 1990) about his long-term

ative of his local dealer service. Indeed, meticulous Mercedes - Benz servicing (including the Touring Guarantee which ensures four years of prompt, free, breakdown repairs and alternative transport and

300E-24. Murray was also appreci-

accommodation) is another key benefit of Mercedes-Benz ownership.

UNRIVALLED RESALE VALUE

Resale value? Steve Cropley, editor of Buying Cars (August 1990), said: "In a year, low depreciation can save you the cost of your annual holiday. In five it can save you a house deposit." Buying Cars went on: "The Mercedes 190E is probably the lowest depreciating of all cars we've chosen."*

Few car-buying decisions are as gratifying or as gilt-edged - as the decision to buy a Mercedes-Benz. Its price may be as low as £16,300 (for a 190E 1.8) - but that's scarcely a yardstick of its true values.

*Ford Sierra XR4i, Peugeot 205 1.6 GTi, VW Golf Convertible, Citroen 2CV, Mercedes-Benz SL, Mitsubishi Shogun, Rolls-Royce Silver Shadow, Jaguar XJS V12, Porshe 944, Mercedes-Benz 190E.

14:415

case likely to be heard in Luxembourg By Eric Short,

Pensions Correspondent

principle to provide financial backing for the trustees of the Coloroll Group Pension Schemes in a test case on pen-

sions equality.

It is hoped that the test case will resolve the ambiguities arising over last year's judgment by the European Court in the Barber v Guardian Royal to bring the test case before the High Court within weeks and to have it referred to the European Court within 18

Last year's judgment ruled that benefits paid from occupational pension schemes counted as pay within the meaning of Article 119 of the Treaty of Rome and therefore had to be equal for men and

However, the judgment stated that to avoid upsetting the financial balance of schemes, it would only apply to pension entitlements arising after the date of the judgment - May 17 1990. The confusion arose over to

whether this related only to the benefits secured by contri-butions made after May 17, or to the date when the pension payments started, or to all pension payments after May 17.

The interpretation could result in a minimal initial cost to pensions schemes if the interpretation is favourable to the companies, but rises to around £30bn on the most unfavourable interpretation.

Coloroll Group went into administrative receivership a few weeks after the judg-Mr Richard Neale, an inde-

pendent trustee of the group's schemes, said that "As trusters, we need to make certain that the eventual amounts paid are absolutely correct. Since the ruling is unclear, the only course of action is to obtain clarification through the

Mr John Cunliffe, pensions partner with the City law firm McKenna & Co, expects to get the case before the High Court in a matter of weeks and referral to the European Court within 18 months.

Pensions test | BRITISH ECONOMY

Fresh wave of UK economic gloom trailing in race for Olympics

MINISTERS MINISTERS yesterday confronted a fresh wave of gloom over Britain's economic prospects, shedding fresh doubts on government claims that the recession will begin to lift later this year. While the British Chambers

of Commerce and the Engineering Employers' Federation said the recession remained firmly entrenched, Mr John Banham, director general of the Confederation of British Industry, claimed parts of manufacturing industry were now

Mr Banham said order books in many manufacturing sectors were now lower than in any post-war period. The state of the overall economy was "bad and getting worse", a picture which will be confirmed when the CBI publishes its quarterly trends survey next week. His remarks, which followed Tuesday's well-publicised criti-

cism of the government's handling of the economy by the Institute of Directors, were noticeably less optimistic than last month, when he said the

economy appeared to have "ticked up noticeably". Mr Banham emphasised, however, that the rate of dete-rioration in the economy was slowing down and that factory

UK motor industry leaders yesterday warned Mr Norman Lamont, the chancellor of the exchequer, that the recent strong growth in car exports was expected to slow in the second half of the year, writes Kevin Done.

British car production has become increasingly dependent on exports in the face of the sharp down-turn in domestic new car

UK car makers are concerned, however, that sales in export markets are also likely to weaken later this year, when the present high level of demand in Germany begins to fail.

The chief executives of Rover, Ford of Britain, Vanxhall and Psugeot Talbot met Mr Lamout and Mr Peter Lilley, Secretary of

State for trade and industry yesterday to express the industry's concern at measures taken in last month's hudget. UK car makers have become alarmed by what they perceive as a increasingly hostile attitude by the government towards the

Sir Hal Miller, Conservative MP and chairman of the all-party motor industry group of MPs, said that Mr Lamont had assured the industry that it would not be used as "a milch cow" for

New car sales fell by 12.7 per cent last year and fell by a further 21.6 per cent in the first quarter this year. In the first 20 days of April sales were running 25.5 per cent lowet than a year

gate price rises, together with the rate of pay settlements had

fallen markedly.
But he claimed that, without further, early cuts in interest rates, the prospects for economic revival remained poor.
Altough the CBI agrees with Mr Norman Lamont, the Chan-cellor, that the economy should begin to recover in the second half of the year Mr Baneconomy plunged further into recession during the first quarter of this year, with the service sector rapidly following manufacturing industry into sharp decline. Any end to the recession, the Chambers added, remained "faint and elusive".

Mr John Smith, the shadow chancellor, led a renewed Labour attack on the government's economic record, claiming the survey provided further evidence that the economy is in "a deep and damaging recession". Mr Gor-don Brown, the shadow trade and industry secretary, demanded that Mr John Major, the prime minister, should "wake up to the damage his economic policies are doing country-wide".

The Engineering Employers' Federation added to the bleak picture, following publication of its own survey suggesting that the engineering sector is unlikely to experience any recovery until the middle of next year. With output, productivity, exmployment and exports all dropping, a further 90,000 engineering jobs could be lost over the next year, it

local councils. Party officials also said £400 was the "council

tax" bill on a median property.

The distribution of proper-

ties within the seven bands would mean the average house-hold bill would, in fact, be £360.

Mr Patten again indicated that a June election has virtu-

ally been ruled out by the party, insisting that the flow of good economic news would ensure that as "the days lengthen this summer, so do

Manchester leaves London



Michael Thompson-Noel sees the capital's bid, led by Sebastian Coe, above, come a poor second

IKE A bruising heavy-weight boxer scoring a famous victory, Manchester out-slugged London enester out-stugged London yesterday and won the right to bid for the Olympic Games in the year 2000. The result was a terrible manling for the capital, but a powerful boost to Manchester and north-west Reclard. England.

At a meeting of the British Olympic Association (BOA) in London, Manchester won manimous support for its hid, and was thus catapulted into the billionaire bidding game that will preface the millennial

The host city for the Games of 2000 will be chosen by the International Olympic Committee in September 1993. Man-chester's rivals are expected to

incinde Berlin, Peking, Sydney, Milan, Brasilia and Belgrade. Last September Manchester was roundly defeated in its bld to stage the 1996 Olympics, which were won by Atlanta, USA. But it says it has learnt from that episode, and that its new bid will be better and

stronger.
Mr Bob Scott, chairman of the Manchester Olympic bid committee, said yesterday after the announcement: "We're

going to go hall for leather for 2000. This is not just Manches-ter's bid. It is the British bid." London's campaign was led by Mr Sebastian Coe — Olym-pic gold-medal runner, million-aire world record holder and would-be Conservative Member of Parliament. After losing the vote, Mr Coe, crest-fallen, claimed London had mounted

a credible bid. The hope had been that a successful London campaign would have proved a fillip for development in the Docklands area of east London and a spur to accelerating transport and other spending.

But Mr Coe was floored by a campaign led by an even richer man, the Duke of Westminster, president of the Manchester committee, who told the BOA that he was not a Londoner but had lived in Chester for 22 years — and his family for 900. From the briskness and gumption displayed by the Duke and his colleagues, it was clear Manchester was going to keep hidding for the Olympics until it won them.

has said it will underwrite the bid. Fourteen Olympic-style sports venues are said to exist already in Manchester and the

built or under construction by September 1993 and a further five at the planning stage. Manchester claims that its best in Britain, and that the core sports venues and planned Olympic village would be within 15 minutes of each

Mr Graham Stringer, leader of Manchester city council said: "We are determined to give Manchester, and Britain, the best possible platform for its case to host the 2000

A study by Kleinwort Bea-son has forcecast an Olympic operating surplus of around £190m if Manchester wins.

According to insiders, Man-nester beat London because of chester beat London because of the technical competence of its presentation and its recent experience of Clympic in-fight-ing. What hampered London, it is thought – the BOA would not say – was the capital's lack of government, its crow-dedness grime and textilla dedness, grime, and terrible transport.

Yesterday it was tottery old London versus a wily and freepunching northern foe — virtu-

Tories seek to restore morale for poll

CONSERVATIVES sought to reinvigorate their local election campaign yesterday by provok-ing a battle of figures with the opposition Labour party over the amounts households will pay under the parties alterna-

tives to the poll tax.

The government stepped up its local election efforts by focusing on the gainers under the "council tax" proposals, amid concerted efforts by senior ministers to restore party morale. However, Mr Michael

Heseltine, environment secretary, acknowledged implemen-tation could slip beyond the planned 1993 start date. He said the timescale envisaged would mean taking the "fast

Ministers said two-thirds of households would gain under the government's proposals.

They attacked as "bogus" Labour figures, showing their "fair rates" proposals would cost households £67 less on

Labour, Labour, in response. attempted to undermine the government's figures, based on its poor record in predicting poll tax levels. The party accused the government of pro-tecting the rich at the expense of middle income families. "Would you buy a used car from these people?" asked Mr David Blunkett, the party's local government spokesman.

As MPs and local council representatives continue to digest Wednesday's announce-ments, Mr Chris Patten, Con-servative chairman, was anxous to deflect attention away from the trauma surrounding the poll tax's demise.

very firmly on the offensive," he said. However, Sir Rhodes Boy-

ham said it would be "well towards the end of the year"

before any improvement became widespread.

The British Chambers of Commerce delivered the first

survey of business confidence since Mr Lamont's announce-

ment that he intended to pay more attention to such sound-

son, Tory MP for Brent North, said valuations should be based on rebuilding costs and wanted bigger discounts for single person households. "I would have kept the community charge but that's history. The party is expected to launch a further offensive against Labour at the weekend but plans only one more press conference before polling day

on May 2. Clashes between the two parties centred on estimates of average household bills. Labour's says its proposals would mean an average of £383 compared with £400 under the government's plans.

But Conservatives counter that Labour are using different figures on the sums raised by

Liberal Democrats accused the Conservatives of "abusing the privileges of office" by using officials to compile "party propaganda". Mr Archy Kirkwood, chairman of the party's local election committee, attacked the Tories and Labour for treating local elec-tions like "a Dutch auction".



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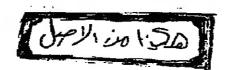
The story doesn't end there. An annual

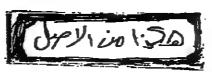
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the capital's bid! ne a pair second

Marie Comment

MES LIN HOLLY AND SHALL FINANCIAL TIMES THURSDAY APRIL 25 1991 Es London A COLUMN AND A COL SECURITY THROUGH

Whatever you export to Europe, from engineering that scales the heights to the cement that lays the foundations, it pays to insure with the U.K's biggest. ECGD. Size and strength that's been 72 years in the building.



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MANAGEMENT: Marketing and Advertising

was a market like few others. quaint even by British standards. All over the rest 🖬 Europe a diversity I listings magazines, some countries with as many as 30, is normal.

Yet in Britain there was only the Radio Times for BBC programmes and later on TV Times for commercial television. Each jealously guarded its monopoly and sued any publisher which broke it. The only limited exception was for newspapers - they will print weekday schedules 24 hours in advance. In hours at week-

The fiercest markéting battle for 30 has broken the once sedate world of publishing like vision programme whedules. This been generated by
British government's decision in end the duopoly of prolistings held by TV Times and the BBC's Radio Times. The market, at least in theory, is now to any publisher willing in the

information under licence.

a result, established and the new burner are jockeying for position and mar-ket share; as much as £20m has spent on advertising and

promotion.
There has been the little casualty - the entrants, TV Plus, collapsed only three Some potential players illinimake it in the starting line; in Daily Telegraph in magazine 7 in before deregulation Rupert Mur-doch's candidate, British ection of the UE TV Gains satellite TV programmes.
"This market is not for the

mint-hearted," John Matthews, managing director of Independent Publiwith more than understatement. ITP the publisher of TV Times and a cheaper entrent to the market, What on TV.

market. On TV.
Until March 1
wanted listings had
50p for TV
Radio Times. Just
3m households regularly
journal;
them
bought both. This only 15 per bell in households with a pursual in the Bester lands, 30 per tel in France and 28 per total in Italy.

In the UK uses there are four paid-for magazines giving the including

ntil March 1 this year the market for television listings magazines in the UK arket like few others. Jockeying for position

Raymond Snoddy reports on the battle in the TV listings market

The listings duopoly was nearly overturned by the Monopolies Commission in 1985. The commission found that the listings duopoly anti-competitive but, on the casting Time of the chairman, Sir Godfray Le Quesne, strangely it found that it was not against the public interest A suggestion by the commis-sion that other publishers should be able to get the infor-

on satellite; at limit two more are consideration. Britain's two leading popular The IIII and the Daily Mirror, now include cial listings supplements

Saturday's editions which the whole But this has potentially tricky consequences; circula-tion on Saturdays increased but sales for a rest of the week have gone down. Robert Maxwell, the publisher Mirror Group Newspapers, will review the

situation in months. Time Out magazine has significant increase in mirrolation since and carrying full TV listings. The full week's listings avail-in the popular celebrity magazine, Hello. But the publication

significant entry to the from German publisher, H Having the UK to 's weekly market with Break, planned for nearly in the market launching TV

with all pur blazing. "We really blazing.

"We really blazing.

In product was absolutely right blazing.

Launched," Urry, managing in UK, who explains that the company blazing allow a feet dust blazing. TV which, mated initial all all 500,000,

Hamfield Publications, the company behind it, into receivership to TV Trees even appeared. Bauer aimed TV Quick unashamedly at the mass market with a cut-throat cover price of 10p for its first four weeks and backed it with

JAL flies non-stop to Tokyo fire London.

Like other airlines, we promise to pamper

you throughout, but we also offer something

a little more tangible; must new Executive

Paris and Frankfurt every day.

mation under licence was ignored

The drama intensified in December 1988 when the European Commission ruled that the titles programmes should be freely available. A year later the then Home Secretary Douglas Hurd denounced "the dotty duopoly" and set the beginning of last month as the date for opening up the market.

saturation television adver-

tising campaign. The strategy behind the pricing policy was to get as many people as possible to sample the magazine; it seems to have achieved its objective. Between 1.85m and 1.9m were sold of the first two issues, giving TV Quick an early lead over both TV Times and Radio Times.

According to Urry, between £5m and £6m was spent on the launch. For la first four weeks, Bauer the 10p straight to the newsagents, paid a distribu-tion and the entire production costs without circulation will come when TV Quick charges an economic price that Urry will he

ITP, Matthews has placed considerable emphasis on price-cutting as device to the attention in the fact that TV Times now has

if all TV

For the set three of the new competitive era TV Times halved its cover price to 25p.

Times was forced to respond - had John Thomas, lications did not cut the magazine's cover price - although the effect for the consumer was similar. The BBC seized on the hat their the search work after deregulation In the Mills Comic Relief, when charity. The Corporation announced that during its in the special offer BBC and the BBC and the

to Centre Redital. "We absolutely appalled that TV Times cut its price – thus devaluing very well brand in h marketplace," Thomas argues. TV Times's Matthews the price reduction was both

Partly because of the government's own Copyright Act which strengthened the concept of intellectual property, the "dotty duopoly" could not

he overturned entirely. In fature, however, the broadcasters had to make the listings available to any other legitimate publisher under licence - I licence they could

one cover.

viewing public is able to get all its programme schedules -BBC, commercial television, satellite and cable - under

The controversy is, however far from over. Companies such as ITP, publishers of TV Times and What's On TV, are threat-ening to take the BBC to court in the UK and to Brussels for abusing its dominant position

promote its magazines such as Of hard hats and Radio Times. promote its magazines such as Radio Times.

Newspapers are because they now have to pay for listings material that once was free – some weekly papers even boycotting programme listings because they cannot afford them. they cannot afford them.

Formal complaints have been made to the Copyright Tribunal, the body that will adjudicate on fair rates for

It's all a long up from the hopes of the original campaigners who argued that pub-licity for television programmes benefited broadcasters and that programme details should simply be available for free.

brownie points Jane Fuller reports on a government/ commerce approach to road safety

hen Malcolm Rif-kind, the UK's trans-port minister port minister, launched a campaign this week aimed at improving safety for child cyclists, Halfords basked in the glow 📱 its public-spirit-

The motor accessories retailer one of several companies to take of of the opportunities offered by the Department of Transport to enhance their corporate in a by helping to promote road

safety.

This the DoT is raising the amount spent on road safety publicity from £4.75m to £6m. Since last year, cam-paigns on subjects ranging from drink-driving to aircraft security have all come under the Safety on the Move

umbrella.
An important is the initiative on child safety which hig campaigns year. The first uthese la autumn should be comed and wet hunt" campaign. seen and not hurt" campaign. For the companies involved, the return on their investment which typically includes dis-seminating literature and providing equipment at — cannot be measured in terms of profit on the promoted item promoted. It could, however, be argued that the products resemble loss leaders and win

it more customers. Instead, they count on a boost to their image. "We the benefit of being associated with government campaign. The are seen to be responsible retailers," and Hugh Birley, spokesman for Halfords.

The DoT is not shy in extracting consumers in return for lie companies' public earning of brownie points. In Halfords' retailer might supply
for did cyclists if a more
price in a more
price in a period,
the helmet will be sold for £14.99, the wholesale price.

There are, however, will to the closeness of the relation-ship between government and the commercial concern. The department is keen to dispell any impression that E is work company's money to help a

paign. No product is endorsed -"we don't wy buy this or buy that" - nor are there any exclusive arrangements. For instance, Motherwise and Elastoplast are also involved in the

child cyclist campaign.

of the delicacy
the relationship, Miller &
WAHT, advertising agency used by the DoT, in careful which companies are invited to take part. Peter says: "Part of our remit is to find companies interested in marketing of road safety. One company Jones



Child cyclists are prime target

track record is Kwik-Fit, the tyre and exhaust company. It is contributing to publicity about new legislation which, from July 1, will make it com-pulsory for adult back-seat car passengers to wear safety

The law applying to children came into force in 1989, when Kwik-Fit mounted its original "Belt up in the Back" cam-

Peter Holmes, marketing director of the Edinburghbased company, says it first vantured into the safety area in 1987 when it launched its offer to fit toddler safety seats for £34.90, with the promise to take back the seat and refund the money once the child had

reached the age of four.

The rear seat-belt legislation, however, can only go so far, it can only be enforced if the belts are already fitted and the DoT estimates that a third of the UK's 19m cars do not have them. Part of Kwik-Pit's role will be to offer a fitting service.

For the first time the British by using its own airtime to 3.0 --

The string to ITP's bow of research while many consumers and detailed programme information, others wanted their listings in a more

TV Pice

concentrated form. To meet this latter market and to try to extend the company's market share, What's On TV, complete with a free TV planner board with the first issue, was launched. What's on TV began at a discount price of 25p and had a single week at 35p before having to match TV Quick's 10p cover price.

After a total ITP promotional

spend of £10m by week six What's on TV had a circulation of around 600,000 and TV Times claims its circulation was 1.7m, down from 3.1m before deregulation. Falls in circulation of both

TV Times and Salls Times

were expected as double buy-

It has a cushioned, slide-out leg rest and

The seats themselves are III cms wide and

plenty of room to seemb your less le fact

um arranged 2-3-2 across the cabin which

these are 102 cms between seats.

gives you space to move around.

mercial believe in it was been collecte support on inc television channels Thomas deregula Thomas deregulala leading a polarisation of the market. The BBC claims that more than 50 and of the Times readers and ABCIs, a professional and managerial classes, compared

ing of Hall Times fell 2.16m 1.72m. The

Corporation's promotional were were including

more than £1m spent on

What's On TV Radio Times

Mar 19

TV Times

TV Quick

refuses to say at which sector

aimed. FTP, too, has plans for a

third title - glossy upmarket magazine - but no

has yet been taken on whether

amazed if another mainstream British publisher mere to

blood still drying on the wall,", although further interest from non-UK publishers and not

when the market has settled

down, hard be less paid for list-

ings magazines in the UK with

total sales of more than 6m, 1m

cry from the and all

broadcasting listings were available in a single mag-

azine: los lisalis Times of the

1950s more than 10m

Thomas he would le

to bring them to fruition.

WOR BILLIAM TOW

be ruled out.

copies a week.

mid-30s. "We think the UK public is realising and all about; there is now an market not through pyrotechnics by through pyrotechnics by through market pro-Thomas.

He man new listings this which could 🔀 launched later this year, but

When you're away on business, it's important to watch your back.

It is an easily adjustable lumbar support that snuggles into your back just where you

need it, when you need it. And an adjustable had rest that can M

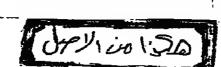
Equally important to your comfort is our fine-tuned to make your head without the

The human body wasn't designed m stay in man position for long periods.

Our new Executive Class seat copes with this very comfortably.







FINANCIAL TIMES SURVEY

THE ELECTRICITY INDUSTRY

Thursday April 25 1991



In addition to the rigours of recession, **David Thomas** finds that the electricity industry is having to

meet new demands. Growing competition in the market and the pressure to protect the environment mean that utilities are being forced to reshape their strategies

New market pressures

SLOWLY but surely, competitive forces beginning to prise open the monopo-listic and nationalistic world of

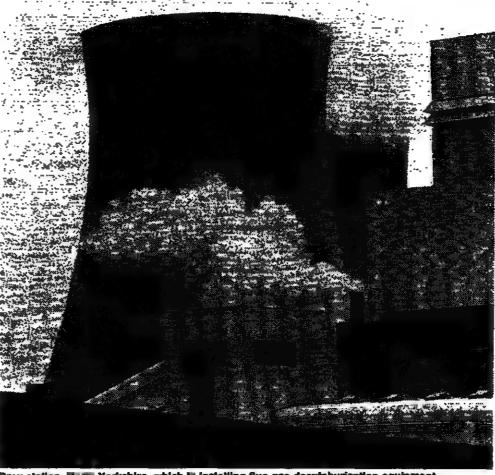
electricity generation. Utilities around the world are beginning to 11 the cold of commercial p "The old watchwords 1 obligation to and build new capacity to meet future demand well in advance are being replaced by an industry built on contractual relations and commercial orientation," a recent report on the European industry concluded.* Governments are cutting

Governments cutting back their funding support for industry large industrial customers are increasingle chaffing high electricity prices. Meanwhile, forcing the industry to pare back its projections of future demand: in western Eprope annual growth over Europe, annual growth over the next few years is unlikely to reach the 3.2 per cent recorded in the second half of the 1980s, let alone the 7.2 per cent of the golden years in the

The European Commission is casting an increasingly jaundiced eye over the gamut of arrangements which hinder free trade in electricity within the EC. Last month, the Com-mission gave Britain, Belgium, Denmark, France, Greece, Ireland, Italy, the Netherlands, Portugal and Spain two months to show that they were not impeding the free flow of electricity their national by

Competition and the to import and export and essential components of find policies and the an internal energy market," argued Sir Leon Brittan, European competition. The widely seen as an opening in in what is likely to prove a long battle with the utilities to cre-ste "open access" in electricity supply, thereby allowing business customers H shop around the cheaper power.

The UK industry has seen the greatest changes over the past year, as the government's privatisation programme has come to fruition. The flotation of the 12 regional electricity companies, together with National Power and PowerGen, the conventional generators, completed the process in England and Wales. They will shortly in joined in private sector in Scottish Power and Scottish Hydro-Electric, the two Scottish companies due to make their stock market debut



Drax station, Mark Yorkshire, which is installing flue gas des

L June. I will only the industry in Northern Ireland, which is the little for

sale next year.

Radical though U privatiare, perhaps even the the attempt is create a new trading market in electricity known with pool it is still too early to judge the success of this new market, the heart government's attempt I inject competition into the industry.

the electricity regulator will

the new inadequate h fostering full tition in the industry, just and counterparts in and telecommunications have found in their

electricity companies already begun in forge new strategies to meet the demands of the private sector, notably by switching their power plant ordering programme away from large coal stations

towards gas.
The switch towards gas-fired generation has become a nota-ble trend throughout the industrialised world. Gas stations are quicker to build and cheaper to operate than large coal or nuclear plants. Crucially, they also have environ-mental benefits, emitting less sulphur dioxide (which causes acid rain) and carbon dioxide (which causes global warming) for an equivalent amount of

Indeed, green pressures are now the number one concern of many utilities, as public awareness of the environment the flow of eco-regulations and the cost of cleaning up plant mount in almost equal mea-sures. Nowhere is this more true than in term Europe, where im newly democratic countries has the same tall of reducing that dependence on inefficient coal-fired stations and dealing of inadequate safety in Soviet-designed nuclear

Collaboration between the informerly have halves of Europe is likely is mount.
Csechoslovakia already

IN THIS SURVEY

programme it at the forefront organisational change in world elec-tricity industry

de France: monolih inow striving 🗠 🖿 away Dum central industrial

■ Japan: Heavy depencoming conflict with green concerns Page 3

Energy - ---ing supplies of power MiThe III wantak and endremental presures have sparked a wave of

🖪 Related surveys: 🌉 🛊

France, whereby Europe's preeight Soviet-designed

EC Germany has putting together powerful consortium German utilities.

Let by some non-German led by Klectricité de France, to modernise tricité de France, to modernise east Germany's industry. One estimate suggests that invest-of DM30bn-DM50bn (£10bn-£16.6bn) will in east Germany's industry

prospects are good for gas-fired and plants, the nuclear industry worldwide remains in the doldrums. Having braced itself for a burst of bad publicity to coincide with the fifth anniversary of the Chernobyl nuclear disaster, the industry has to cope with an even more intractable problem: a continu-ing dearth of orders over the next decade. Those countries. such as France where public acceptance of nuclear power remains high, tend to have a surplus of capacity; whereas in others, notably the US, there is no sign of the public distrust of the nuclear option waning.

* Buropean Electric Power Trends. Cambridge
Associates, Rue
Duphot, \$35

THE ENVIRONMENT

Greens urge sales reduction

YOUR curtains at toast.

Dust your lightbulbs frequently. They may sound like commonsense, but these household hints are a central plank
although some say a shaky
one — of the UK government's
environmental strategy for the

environmental strategy for the electricity industry.

They come Yorkshire Electricity's recently published Code on efficient use of electricity. Under the regulations of the new electricity industry, each regional electricity industry, each regional electricity industry. electricity company must pub-lish and a code, helping public at more value from each unit a electricity.

The industry rarely about using electricity, environmental lobbyists Friends of the Earth point "A reduction in electricity
to reduce the
threat of global warming," the
group insisted in a document
published in October last year.
Electricity is, read of the
"Britain's number
contributor" to a global
warming and a rain.
Every unit a electricity

Every unit al electricity (kWh) used, the group points out, means the interest if nearly lkg of carbon diomde (CO₂), und "greenhouse"

The UK electricity responsible for released into the atmosphere

every year. It is also a leading producer of the gases that cause acid rain — nitrogen oxides (NOx) and sulphur dioxides (SOx), annually releasing around tonnes of NOx - 71 per cent of tonnes of - 29 per cent of national total

There are ways deal with the problem - developing technology to generate electricity more cleanly and efficiently, and using less of it, III energy efficiency.

Japan is often held up as a model – its energy ratio is 2.7 compared with the UK's 4.2, undeniably helped by
that control expensive.
of stringent
regular enforcing
efficiency such a labelling for electrical appliances, setting building standards and giving in-allian for energy saving

uk government Labegun to go Lasame way - although not far enough, critics say. It will spend £26m this year Labegun Lase energy, and will probably introduce a voluntary apply introduce a voluntary appli-ance labelling scheme next

year.
In addition, under lectricity industry regulations, all users pay a levy on electricity generated from then fund more environmentally friendly methods of producing electricity. All the regional electricity companies, more-over, must with a certain percentage of their electricity from these "renewable" sources, as wind wave

The government's white paper on the environment attack a target of 1,000MW to be gen-2000, and has further said they could provide 24 per and UK energy by 2025. But the electricity industry's point floding ways in mall production of electricity

The industry under The industry under UK legislation, under UK auspices of the EC, will require power stations to cut SOx emissions to 60 per cent below 1980 levels by 2003, while NOx must be 30 per cent lower than in 1980 by 1998.

And the International Panel for Climate Change (IPCC), has set a target of stabilising CO, at 1990 levels by 2005, with which the UK has conditionally complied.

Continued on Page 4

A BREATH OF FRESH AIR

Fast out of the blocks Free to invest in our own future Privatisation brings opportunities

Our customers watch carefully Expect us to perform Look for a competitive service Structural change? Not their problem They want continued efficiency, added value, social concern

Happy customers Satisfied shareholders Good profits. Good dividends Capital growth Our culture responds

Time too for energy efficiency More than trite words Examples are needed Leadership expected

Good morning freedom! A buzz right through Eastern There's drive and determination Concern and creativity To satisfy our customers To please our shareholders To be a good employer

Welcome breeze!



Flotation not without headaches

"LIKE A system of outdoor relief for the City," how Mr Frank Dobson, shadow secretary, has scornfully described la long list of advis-ers involved in the complex

industry. Certainly the number of peolarge. Last autumn, see estiernment's side m about 700, and that was excluding those working the

Yet merchant bankers, solicitors, accountants, brokers in printers involved in the privatisation hotly deny they we overly rewarded. "It has tied up we'd our people and frankly could have made more below doing something else. one merchant It is not surprising that

The telephone directory-sized prospectus for the regional electricity companies (Recs) had advisers working a from an August

But while in run-up Recs' there were no intilled of intenst between government companies, during negotiations between the Department L Energy and Lazard, representing National In S.G. Warburg for PowerGen,

became more fraught. This was partly because the government kept changing its mind along the usel to companies, before they are eventually fluid jointly on

the market in February.
Mr John Wakeham,
secretary, aprung a nasty suron PowerGen
when flirted with the des of belling it in a brain auction, underwritten by Hanson, the industrial conglomerate.

S.G. Warburg had found itself in the complicated posi-tion being told to a rain liniam department,

between those people advising the independent directors of the municipal on a mooted MBO. Then in August Mr Wakand reverted to the idea of floating the company.

Another surprise came in January when the Departs of Energy decided to sell 🗷 per of mer cent of in the companies' combined flotation.

The companies' within complained that had not been properly consulted on the sion had many fill the deci-🍱 advice 🍱 Kleinwort, 🕮 eovernment's financial But despite all the bittern that had arisen, the department | believed it could congratulate itself on ២ handling of Le City during sale managed introfeatures into the flotation

ship between the government and underwriting institutions, marking parture traditional underwriting method, whereby investors were allocated shares simply in elation to their weighting in

the London equity market. However, this would not know they would had amount ludicrous level they suggested had be forthcoming had how the shares ought to priced instead, Kleinwort carried out a bookbuilding operation based on practice in the Euro-equity market. Here, precisely how much stock they would take within a range of prices. Those prepared to buy at the keenest prices were favoured when allocations

There was a further reshuffling of shares warm underwriters, just mar-dealings started. This so-called "back-end made" was leaded in ensure that in



John Wakeham: sale was a text-book exercise'

cent - would be sold at a price reflecting at which the would trading, some two weeks after the 100p partly-paid issue price had

were invited to rebid for shares at levels above 100p, being required to pay the price they bid. The tender added £42m to the 52.16bn flotation proceeds.

Despite initial concerns that the City would not stomach these ideas. Mr Wakeham was sufficiently encouraged by the results to lead the flotation "text-book exercise".

But another surprise was to come. Nomura, the Japanese securities house, which had not bid aggressively in the back-end tender, began buying large amounts of stock in the market. This for a short time. market. This for a short time, pushed the shares to premiums as high as 140p compared with their 100p partly-paid price -just what the department and Kleinwort had gone to such trouble to avoid

Nomura's still entirely clear, but it has heavily in tender to satisfy strong damand at home Finance rule covering offers for the method by distributed in Japan while the tender going on. This have prevented officeding are acquired in the tender of prices from 100p. Daiwa, lead manager la Japan in the Scottish companies' sale, is currently in discussions with the Ministry of Finance to find a way round

Moulding a management culture

IN THE run-up to its privatisa-lim last month, National Power, the largest electricity many in the UK, issued its managers with a little blue

"Transforming National Power" was a hymn of praise to change. It was written by a management consultant who had been appointed as the peron new working practices La Mr John Baker, National Power's chief execu-tive. "Lean", "flexible", "open", "entrepreneurial" and "com-mercial" un the buzzwords running through the booklet.

philosophy," it enthuses. "Now the ability to take individual management decisions must become accepted behaviour -in fact, people who respond quickly and effectively without going through the hierarchy will be encouraged."

Committee Rule was the old

It would be easy to poke fun at the often over-simplied hom-ilies which make up much of its 65 pages. Yet the message it contains would come shock to most in many of the state-owned, monopoly-protected utilities which still characterise much of the electricity industry

Changing the management important tasks that National Power's top executives set privatisation. Mr Baker and his im mediate

lieutenants have been stung by frequent taunts, not least from the City, that National Power was more bureaucratic than PowerGen, its smaller rival. If that were not bad enough, the lessons of previous privatisations, such as those of

com, spoke volumes about the difficulties facing utilities in

power stations has been turned into a profit centre, with the station manager held clearly responsible for financial performance. A sharper system of financial reporting links power

a new performance pay scheme which can determine up to 30 per cent of a manager's salary. Such initiatives will inevitably take time to work through.

Meanwhile. National Power other strategies for improving its performance in the private sector. Top of the cost cutting. National Power already shed about 1,000 jobs,

reducing in work-force to just 15,000. That leaves its state target of losing another 4,000 jobs over the next five years, although industry observers will not be surprised if that target is exceeded. Two thirds of the job in

are likely to come from power station closures, with the rest from more efficient working the company. In the past year, National Power has shut five of its coal-fired sta-1 000MW towards its water

decade - a target which the prospectus warns might

Not only does closure help cut costs; it is also central to National Power's fuel strategy. The company wants reduce its dependence on fuel from British Coal, switching instead to gas, because gas-fired tions using combined cycle technology are quicker to build, cheaper to run and more environmentally friendly.

The plank in National Power's fuel strategy is an increase in coal imports, which are typically cheaper than supplies from British Coal. Over-all, Mr Baker plans to cut National Power's fuel bill by about £250m, or 10 per cent, within about five years.

But National Power is bound to remain heavily dependent in the medium term on British Coal, which will supply Power with about 43.6m tonnes of coal this year. Indeed, National directors were only prepared to commit in the pri-



gressive dividend policy" until 1993, the expiry date for the coal contract and the other arrangements nailed in place by the government to give the industry stability in its early years in the private sector.

After 1993, the prospectus warned, "National Power will be operating in a more co itive market, and revenues will be sensitive to the balance between demand and available capacity and to other market conditions."

David Thomas

A small but fierce competitor

BEING SMALL has its advantages. As Napoleon, Tamburlain and countless famous strengthen the resolve.

PowerGen, the smaller of the two electricity generating com-panies, has already proven both Since the early days of its pri-vatisation, it has come across as the friendly face of generation. But within the glove the management is keep-ing a firm, if not an iron, grip on the newly created electricity market.

lic sector mentality at Power-Gen. Chief executive Mr Ed industry since he was fifteen, is no bureaucrat, but a sharp and direct, hands on manager. Having got over the fracas when Mr Robert Malpas, the company's chairman, left the company just before its privati-sation, the board is now a close knit team. Although smaller than National Power, PowerGen is by no means small it supplies

around 9mMW hours of elec-

access mightly exaller maand has 21 power stations

It will make pro forms profit before tax of £264m in ending 31st March 1991, and expects to pay divi-dends of £43m, according to the flotation prospectus. But it has done its best to capitalise on seeming small and approachable. "The

customer is king," says Mr Wallis, and regional electricity warming its largest customers, customhas won other custom like this: Toyota was seduced

with a tailor-made contract and was the first large industrial customer to sign to take electricity directly from a gen-But this accommodating phiosophy did not stop PowerGen

from competing flercely with

the regional companies to sup-ply large customers, during

recent bargaining rounds. Pow-

erGen had been very aggressive, several regional compareported, and was undercutting their offers.

Not so, says Mr Roberts. "We offered the same prices to the companies as we did to direct a large But PowerGen does not deny it is keenly interested in winning more large

The company's attitude to price is, simi-larly, hardheaded. electricity is, Mr Wallis says, a commodity, and despite all the talk of customer relations there is no chance the com-pany will forget the impor-

tance of competitive pricing.

PowerGen has been equally vigorous in its approach to fuel purchasing and particularly in diversification away from tra-ditional coal-fired generation.

It was the first generator to commission a new combined cycle gas turbine power staplies for a 680MW station Rye House in Headle 1811

olme station on Humberside – which will in all the from the Home Sea Pickerin field in the first such single

PowerGen's commitment to new gas technology is by its interest in the latest coal technology. It has invested in a British Coal project at Grime-thorpe in Yorkshire, which is developing combustion tech-nology to burn coal more cleanly, and has joined the US electrical power research insti-tute, EPRI, which has made considerable investment in clean coal technology.

The company has already invested £250m in flue gas desulphurisation (FGD) technology which scrubs the gases that leave coal-fired stations for its Ratcliffe-on-Soar power station in Nottingham.

But PowerGen is also looking hard at importing foreign, low sulphur coal. Four out of its five large coal-fired power stations have easy access to coastal terminals, making it easy to import, as the company has pointed out. It is pursuing a policy of diver-



sification away from UK coal Whether innovation will actually help PowerGen com-pensate for its size is another

It is already true that National Power has more control over the bidding which sets the electricity price in the pool, or spot market, simply because it has more power stations than PowerGen. This, however, may begin to change as more independent power

Juliet Sychrava

HAVE

The first advertisement for gas to be generated by an electricity company

It might seem rather odd for a company m giving the competition a plug. But when you learn that Corby of the first power stalling to be pioneered by ■ regional electricity company - East Midlands Electricity and that it's powered by and la a cleaner pro-- there's a very strong argument for getting that

Thanks in the Electricity Act of 1989 the generation of electricity need no longer rest in the power of a monopoly, as the opportunity is now available to all those willing un make the investment. East Midlands Electricity was quick to take advantage of this opportunity III offer I more competitive choice to customers and III help keep prices down by making best use of Im ability Im buy and sell electricity effectively. The project was initiated by Midlands Electricity Generation Limited, the generating company al East Midlands Electricity who, with its partners

Hawker Siddley and ESB International, has formed Corby Power Limited.

This initiative will not only help me generate electricity but it will also help to generate work in the area, by awarding the contracts - East Midlands suppliers wherever possible. Site clearance has also meant the removal of two settling ponds, previously used for the disposal of waste from the former steel works, improving the surrounding environment.

Corby is just of the ambitious projects currently being undertaken by

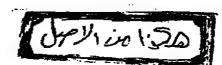
East Midlands

East Midlands Electricity Generation. All designed to generate an even better service for East Midlands Electricity's customers now and for the furure.

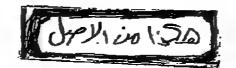
If you'd like hear more about the powerful range of services East Midlands Electricity can offer your company, ring \$100 100 111 now or return the coupon today.

Please send me more information on your range of services for b Return to: Nick Akers, Corporate Relations Manager East Midlands Electricity, North PDO, 398 Coppice Road, Arnold, Nottingham NG5 7HX

GENERATION



new structure



THE ELECTRICITY INDUSTRY 3

FRANCE: EdF

New image for state monolith

designed to help mop up EdF's nuclear surplus, help ran down the FFr226.1hn

as built up as a result of the

Already, the French utility's

nuclear programme, and seem the cash needed to update some of the older reactors.

anxiety in politically

cing regions, and that the threat cheap imported nuclear electricity accelerating

job in the And in Britain, EdF's

excess power at advantageous rates to industrial customers in

France have attracted competi-tors' suspicion.

Mr Jean Bergougnoux, Edf's managing director, points out that it is hard to persuade EC authorities that he

authorities that he not dumping electricity his government runs a pricing policy that semment. At the balanced accounts I I is to be perceived as a fair competitor, he says.

with the Paris government ohliges it to hold price rises at 1.5 percentage points below the rate of inflation. Yet in prac-

tice, the government has, until recently, bended to hold rates lower than that, with the result that EdF has made

losses for six out of the past 11

The powerful Finance Minis-

try argues that cheap power helps curb inflation and so sup-ports the value of the franc, an

sion of Mr Pierre Delaporte, Edf's sometimes outspoken chairman. "If we were con-vinced that the delay in allow-ing us to raise our tariffs was

essary to keep the franc safe on the international for-sign exchange markets, we

would gladly sacrifice on the

do not believe it for a

nent," he said recently.

However, in February, Edir received the go-shead to increase prices by 22 per cent, as against the 28 per cent gen-eral inflation rate forecast for

1991 - a rise greeted as "mod-erate" by Mr Delaporte. Certainly, EdF is gradually beginning to look more like a

commercially fair competitor than a state monolith. It is now

10 years since it last received a

thanks to an increase in exports and also reflecting the

first fruits of a plan to cut

costs by FFribn. Mr Bergougnoux believes

that it is only a matter of time before the rigours of EC com-petition law force the govern-ment to give him a freer hand

on prices. As he pointed out in

a recent interview. European competition will in the end

have its effect. Brussels will

remind the government that

the electricity market was con-

William Dawkins,

June 12

nber 21

Paris

form competition rules."

FINANCIAL TIMES

1991 RELATED SURVEYS

FOR ADVERTISING INFORMATION CONTACT PHILIP DODSON

071-873-3389

FOR EDITORIAL INFORMATION CONTACT DAVID DODWELL

071-873-4090

EdF even managed to produce a profit in 1990, partly

subsidy from the government.

power utility, Electricité de away from its part as a nill =

The group's independent-minded managers are acutely conscious EdF in world governments tending to public utilities. They change in image, help EdF advance in the export

it sorely needs. After the privatisation and break-up of Britain's electricity industry, EdF M left as the only electricity monopoly in Europe responsible for all of its system, from power generation through to the distribution

It is this strong central organisation under the contin-ued control of the Industry Ministry, which has allowed Edf to pursue a consistent pro-nuclear investment policy since france's decision to huld its own nuclear energy source in the wake of the 1973 oil

more dependent on nuclear power than any country in the world. Edf draws more than 80 per cent of its electricity from its 57 reactors, providing the cheapest electrical power of any European Community country apar from Denmark, a significant advantage for

Yet the French nuclear power programme has been critical over-ambitious, having produced a surplus of au in eight and a maniing to we official report. It attracts sporadic criticism from vocal but sur-prisingly disorganised environ-mental lobby, although not

enough in mit of consensus. For these and purely technical reasons, EdF does not plan to increase its proportional dependence on this source of

energy, say officials.
While the state has reduced its influence on EdF's sions, it industries, utility's top beginning to see government control – especially on pricing – as a hindrance to their bid to strengthen EdF as the EC's ggest energy exporter. EdF's cross-border energy

sales rose 8 per cent last year to 46.5bn kWh or 12 per cent of the total and the group wishes to raise exports to near 20 per cent of the total by the end of

At the same time, the group aim to play a significant part in the replacement of ageing in II Union and eastern Europe. Over the past two years, EdF has delivered ered a computerised reactor safety monitoring system to the Soviet Union and opened negotiations for joint ventures to build reactors in Hungary and Czechoslovakia. It looks set to emerge in the next months the main foreign company III be allocated a stake in eastern Germany's electricity supply industry.

The export drive partly

> World Industrial Review Industry & Environment

Power Generation Equip

World Nuclear Industry

Gas industry

Oli Industry

Energy Efficiency

CAUGHT BETWEEN demand be electricity and environmental protection, Japan's electric power producers and the ministry that rade them can see only Japan Inti

generation is vital because otherwise the nation depends on eign sources and is vulnerable to unpredictable fuel costs.

In late February, in Niigata prefecture, the No 2 reactor of Tokyo's regional electric power supplier was shut for six days and restarted at the end of the month after an accident attri-buted to human failure.

Earlier that month, a nasty contretemps at the Mihama Nuclear Power Plant occurred when the day after a minor accident at the plant, local residents received leaflets from the nower commany declaring the power company declaring the facility accident-proof. While neither incident seems to have caused injuries or contamina-tion outside the plant itself, they may help to revive the agendas of anti-nuclear groups. It has been nearly five years since the Ministry of Interna-tional Trade and Industry

tional Trade and Industry (Miti) began reducing power companies' rates, to pass to consumers the benefits of soaring profits ushered in by the strong yen and cheap oil prices. But then the price of oil went up. In the year ending March 31 1990, pre-tax profits at Tokyo Electric Power Company (Tepco) fell to Y185bn (2770.83m) III. III. previous year's Y275bn-plus, a far cry from 1987, when the company

Japan is torn between nuclear commitment and green issues

Energy policy divided

raked in more than Y444bn. Pre-tax profits for the year end-ing March 31 are estimated at a

Add to that the likelihood that the government will slap a tax on petroleum products to cover around 10 per cent of the 39bn to be provided in support of the allied forces campaign in the Gulf, and things could get even worse. An industry report from Jardine Fleming Securi-ties in late January said: Doubling the tax rate could plunge EP [electric power] companies

Rate negotiations between the government and the com-panies occur annually. An increase could be approved this spring, depending on the direc-tion of interest rates and oil prices, the report added. According to Tepco, the com-pany can still make "reason-able profits" without a rate increase, thanks to Japan's

increase, thanks to Japan's continuing economic expancontinuing economic expansion and enormous demand from the Tokyo region. Underscoring its long-term resilience are the triple-A ratings assigned to the company's outstanding foreign and domestic bonds (total: around \$11bn), and the high rating of its Y800m in commercial paper.

The Jardine Pleming report noted Tence's high 71.5 per

noted Tepco's high 71.5 per

debt to capitalisation, but added that "interest rate movements cannot justify all the changes over time in KP com-

Tepco will "over-and risks shead. The company is reducing dependence on oil, while capital outlays for nuclear power plant construction since the 1970s are claimed to have made it less vulnerable to fos-

sil fuel price vagaries.

The higgest private sector electric power concern in the world, Tepco is one of nine regional publicly-held power companies which together produced almost 75 per cent of the try's 798,756m kWh

All the regional power com-panies are dealing with intensi-lying competition by diversifi-cation into such fields as heat supply services, telecommuni-cations and urban develop-

sources for nearly 30 per cent of its total generation (205hn kWh) in 1989. The company relied on LNG-based generation for 36 per cent of output, while oil dependence was 28 per cent. In the electric power industry as a whole, nuclear

powered electricity output accounted for around 23 per cent of total electricity generated in Japan in 1989.

The government's fixation on nuclear power generation is not new. The country revved up its first commercially operated nuclear power station in July 1966. The 1970s oil shocks were something of an apoca-lypse construction started on no than nuclear plants during At present the country 138 some plants with under construction and several more on the draw-

ing board.
Already three other regional electric power companies Kanssi, Kyushu and Hokuriku
- generate more than 40 per
cent of their total outputs from
mucleer sources, while Shikoku Klectric Power generates 38 per cent from nuclear. The heavy reliance by the regionals on nuclear-sourced power has

made them prime targets for anti-nuclear protesters, who have successfully stalled construction of several new reaclars.

19 2010, Miti, which regulates and sets strategy for the power companies, intends to double the number of reactors to 78 and boost nuclear power.

supply to 43 per cent of total electric power generation.

nobyl disaster, the ministry is not taking the opposition threat lightly. It plans mationwide three-year PR project later this year directed at specific groups, including housewives, teenagers and company employees.

anti-nuclear movement has

lost momentum since the Cher-

The ministry's strategy is to target the moderates, instead of reacting directly to the anti-nuclear movement. The project includes a personal computer style network that provides information and news on nuclear power in public places and at nuclear plant sites. PC-owners can dial a phone num-

owners can dial a phone number to access the network and the ministry will monitor public opinion through questionnaires and by telephone.

As part of its effort, the ministry is also distributing free about half a million copies of a glossy. 100-page brochure crammed with pictures, diagrams and flow charts.

In spits of having to close a reactor at its plant in Fukushima, north of Tokyo, for nearly two years after a break-

nearly two years after a break-down in January 1989, Tepco's current nuclear construction schedule has "no symptom of delay," the company says. A shift in Japanese political balance appears to brighten

the future of nuclear power generation. The Social Demo-cratic Party of Japan (formerly the Socialist Party), a strong foe of all things nuclear, seems to have squandered the opportunity it gained in elections last year. Amid its disarray, the SDPJ incapable of mounting public support to counter the government's

But short-term difficulties persist. If this summer hot as the last, the industry could blow a fuse. Last July, Tepco met a record surge in power demand by reportedly getting a big kilowatt injection from other regionals and by urging consumption restraints to ward off power cuts. Miti says it is boosting needed transfers of AC from one gen-

erating plant to another when shortages occur. In a further effort to take the heat off electric power companies, Miti says it is expanding its policy of offering discounts to big industrial consumers, such as steel, car and chemi-cals producers, that agree to cut power use during peak

demand times.

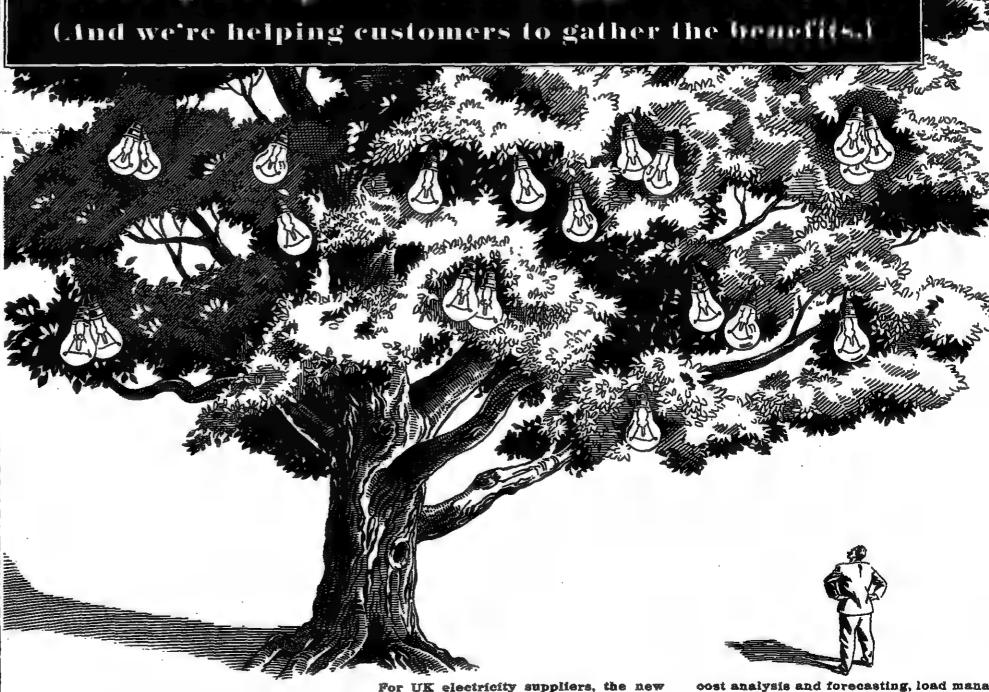
A recent Credit Suisse industry report said 65.7 per cent of the country's total electric power demand (including supplies from independent generators) in 1989 was for commercial and industrial use.

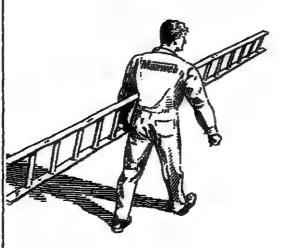
The ministry is also trains to

The ministry is also trying to curb residential demand that has rocketed owing to the

Christopher Perry







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460

THE ELECTRICITY INDUSTRY 4

Demand for energy efficiency is focusing on the generators

Investment will cut the bills

SOME 20 per the UK's energy bill could be the by investing in "cost-effective" energy efficiency measures". according to Mr William Rickett, director-general of the UK Energy Efficiency Office.

The scope for reducing energy use is not in doubt. Nor is the need 🜃 🚵 it. Carbon dioxide (CO₂), the main "greenhouse" 🚃 causing global warming, un only be tackled by reducing energy consumption. Rather than meeting increasing demand with increasing supply, existing supplies must be used more efficiently. Demand for change will will on the electricity industry, an important contributor to CO₂ emissions.

The UK has radically

structured its electricity industry in the past two in preparation for the private offered a unique opportunity to incorporate incentives for energy efficiency into the licences and the regulation of the companies. The oppor-tunity taken.

Under the system in England and Wales, it in everyone's in no one's to save. The profits ul the generators depend 🖘 maintaining their market share. The profits of 112 regional electricity companies (RECs) depend on III amount of electricity they distribute and sell. The duty in "pro-mote", not enforce, " efficiency lies with the regulator. Professor Littlechild. Far this regulation consists of ensuring RECs provide with adequate

Continued from Page 1

There three main options the industry. First, it can up after the up a

units to the power stations chimneys, which clean the gas

This is the route the UK has

so far adopted - 8,000MW of

FGD are being fitted or present. However, for people

regard this us an adequate

long-term solution: FGD

not deal with NOx and critica

point out III 8,000MW is .

negligible in compared

information on wall we cut approach, many utilities are

What privatisation may do is open up the generation side of the market for new, more efficient technologies. Nearly of the plant being built or proposed today based on combined cycle gas-fired turbines (CCGT) which achieve efficiency leads than may no tional coal-fired plant. It has raised the profile of bined heat and power (CHP), which has potential efficiency levels of more than 80 per cent.

splitting generation and distribution, and by the regulatory formula used, the government has never the potential to introduce measures 🜬 curb demand, such as planning. This involves utility considering whether improving the effi-ciency of its customers is more meterwelly than building

new plant. planning being
"aggressively oursued" in
about 20 US states, according
to Mike Foley the US National Associate of Regulatory Utility (NARUC). Some this regulators require utilities to explore both supply-side options before licensing capacity. In allowed utilinel a rate of return investments in many and

The employment of demandmanagement the beexpanded the Strategy (NES). Although the power industry that the strategy that the s

with continental FGD installa-

switch into another fuel. Natural is the frontrunner. It

releases very little sulphur on nitrogen, and burnt efficiently

a new "combined cycle turbine" station (CCGT) which

recovers waste heat from com-

bustion to drive a steam tur-

bine, it is around 50 per cent efficient compared with 37 per cent at best for a conventional call fired station. This many CO₂ is released per unit of

electricity produced.

the new power stations due to come mid-90s

in Europe will be Dan't

second option is

now finding it profitable. These include New England Electric, Boston Edison and Pacific Gas and Electric, three large, privately-owned utilities.

According to Mr Mike Mona-han Boston Edison, such demand-side management is Edison's main focus the bottom line it more to buy back tricity than it is build new generating plant". Boston Edison will (£139.6m) m 1995 on energy conservation measures for in customers, including distributing compact fluorescent lightbulbs, and offering hand audits. In this shaved some 130MW its peak demand growth in the by 2000, it expects the figure to be closer

One the many this strategy works is that most US util-ities are vertically integrated and particular area. They iller from an Iran III cut
The UK RECs, on I hand, are distributors al uniter when included disappear attempt by the House of Lords to enable the regulator, 📖 Ila Electricity Bill, in material approving tariff overturned in

The strainer of the European electricity supply try M diverse, and consequently the potential in planning patchy. beneath mule-comes utility Value and mule could cut

The third option is to devise technology the burns coal

more cleanly. In Europe and

the US a new generation of coal-fired power being developed. In 1890s

they will be up and running -

ators say, to compete with gas.

the UK British Coal has mas-

terminded a process - known as "the topping cycle" which combines partial gasification will the new combustion tech-

nology. These clean coal tech-

sulphur by up to 99 per cent, and nitrogen by between 80 and 90 per ent By improving

nologies can

There are other variants: in

12TWh-19TWh out of a commercial and residential demand of 70TWh a The next phase, due this autumn, is to discover how much of this potential can be realised.

According to Mr Morgan Andersson, project manager the recent decision by the Swedish government to delay the phase out of nuclear power ns that "It 🏿 still vital to keep conservation measures going, but the commercial incentive has changed". Vattenfall now has no need 🛌 new generation until 2000.

Other Swedish utilities, notably Stockholm Energi, and German utilities have implemented demand-side management measures. Italy's state-owned utility ENEL is vertically-integrated monopoly supplier with growing demand and increasingly unable to site new plant due to environmental opposition. It has started III look at how to cut domestic demand by ing with manufacturers to proelectrical

appliances. A study for the UK
Energy Department by the
Consulting Group
that in the UK alone,
replacing with the
market could

of electricity.
The MCG report, along with recently nimed Energy Committee report on The comes in the now familiar conclusion lies improvements unlikely unlikely happen without government appliances according is the

efficiency from 85 per cent to

up to 46 per cent they also cut CO₂ emissions.

The UK has no plans for any plant. The govern-

20m in clean coal research, and is currently conducting a

result in further investment later this year. By far the money to fund a clean coal

plant - new technology that involves commercial risk so

cannot win City backing - 📓

only be built when the two electricity generators it, and while gas continues in be

Ultimately, however, it will

tust not there.

Rickett: seeks 20%

efficiency have 🛌 introduced by France, Denmark, and Germany with varying degrees of but no

European country has implemented labelling fully.

Again, the US record is impressive, with the 1987 National Appliance Energy Conservation Act setting minimum standards for domestic appliances. The mant NES is set in expand this. A number of US utilities and offer and tomer rebates for buying efficient electrical appliances. Meanwhile it may left in

international legislative moves to take energy efficiency to the top of the Movement may be slow, tal legislation is to grow increasingly stringent. The increasingly stringent. The European Commission ting wantened for 50s and

An EC draft directive calls for compulsory labelling for most appliances in member the from July dinimum standards are 📹 📦

Future presum from the Intergovernmental Panel for Climatic Change in and global CO₂ make may him to try in

Lucy Plaskett

cheap and available, they are unlikely to do so. ut environmentalists should take heart. A quiet revolution in industry's use el

electricity is taking place. CHP or combined heat and power systems, which pure the tricity and heat from a dissource, are slowly catching on. These systems can be twice as efficient as conventional boilers and can cut CO₂ emissions by 70 per cent. If CHP capacity 30,000MW by 2020, as the government hopes, national CO₂

fall by 15 per cent.

Juliet Sychrava

THE US

in the second of the comment of the second s

Pressures mounting

IT SOUNDS like the antithesis of capitalism: in several US states electricity supply compa-nies can now raise their profits by persuading customers not to buy their product.

The move is part of an energy conservation effort that rlines the severe economic and environmental pressures facing the US supply industry in an era of increasing compe-tition, rising anti-pollution costs and huge capital spending demands. A combination of all these forces has started to produce a merger wave in the highly fragmented industry. Since the early 1970s, US electric power utilities have been hattered by a combination of rising costs and increas-

ing regulation on pricing, new plant construction and other issues. Many are still paying for the nuclear power plants ordered in the 1970s but then abandoned or not, built on time or to cost. According to the Edison Electric Institute, an industry body, the companies are producing an averreturn on equity of about 10 per cent, compared with the 13 per cent that state regulatory commissions usually allow.

Foremost among the new challenges facing them now is the cost of complying with last year's Clean Air Act which mandates that sulphur dioxide emissions, a key component of acid rain, be reduced at coal-fired power stations by about half by the end of the decade. Utilities make some 60 per cent of their power from coal

and they have two choices in complying with the legislation. They can switch from burning soft, high sulphur coal to hard coal, but this will push up transport costs. Alternatively, they can install expensive flue gas desulphurisation systems. therwise known as scrubbers, or experiment with newer tech nologies such as fluidised bed combustion. The Edison Institute says that meeting the demands of the act will cost the industry up to \$105bn (£58.60bn) by 2010.

In addition to modifying old plant, the industry is going to have to build much new capacity over the next 10 to 20 years to replace old plant and meet new demand. It is expected to add more than 90,000 net mega-watts of new capacity by the end of the 1990s.

Several factors have made the business climate more helpful to non-utility companies which wish to generate power. The Bush administration, keen 📰 foster competition in the wholesale power market, has proposed in recently unveiled energy remove 55-year-old restrictions on companies owning indepen-

dent power WWI The Public Utility Holding Act of 1935 has kept industrial companies out of the power business and prevented utili-ties from building generating plant outside their territories and then selling that power on the open market.

Other groups have been free to jump into this market: the Public Utility Regulatory Policy Act of 1978 opened the door for small producers of alterna-

Among the new challenges is the of complying with the Clean Air Act

tive energy to all post on the open market. Repeal of the 1935 law has dimid up comments within the utility industry, will some wanting the freedom to be country and inflam unhappy at the presence of independents in their areas.

changes in control utilities' transmission lines. A present while the utilities are required by law to buy power from inde-pendents, they control the elec-

tricity after that.
The regulators would like to allow the independents to find their own customers. That has brought howls of outrage from the industry, which argues that the interlopers will simply steal their best clients.

All these factors are forcing some radical on industry. The more far-sighted utilities have been mashing costs and many have 🚾 up their own independent power turned to management of the demand through energy in the regulatory climate: regulators have begun to offer the companies return on their energy savings outlays which is broadly the same as the investment they have been making in power plants.

The rule changes - instiin states such as Massa-chusetts, New York and Califhave turned ornia conservation from costly chore for the utilities into some of their most profitable operations. The so-called "megawatt" business involves handing out to customers efficlent new equipment and sharing the savings by charging higher rates. The trend has brought together some unusual bedfellows, with conservationists pleased that this means less power station construction and utilities pleased that they are spared the capital costs of new facilities.

The new competitive pressures forcing the utilities to consider the suggestion that they should get together in mergers. There has been a rash of bids over the past year, including the industry's first important hostile offer, when Kansas City Light made a run ineighbouring Kansas Gas in Electric. Behind the wave lies a drive for greater efficiency. Mr Edward Tirello, an analyst M Smith, Barney Upham, and ■ long-time advocate, about \$3.6bn the industry could be generated through more economic and Illiani operation 🖬 plant.

The least from consolidation would make from pooling - the ability to use a generating plant in the consolidated ervice area during periods of

The long hand of the regula-could slow down this movement. Only in month outland of the California Pub-lic Utilities Commission dealt a eavy, though not yet 🔙 blow in the in proposed merger South California Edi son and Diego and and Electric, which would the largest utility in the nation. The undid agreed that the deal would provide about 51m is benefits to customather the state of the state but complained that anti-competitive impact weighed this.

> Martin Dickson New York

Lhe ehind the

The National Grid Company's transmission network is the unitorway of the electricity supply system in England and Wales. On any one day, electricity worth up to £27 million travels. along the 7,000 route miles of overhead lines. and cables we operate and maintain.

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them to help make the best www of electricity. Our business development engineers give on-site advice w both industrial and

mercial enterprises. We can help mercial enterprises. facturing costs, cut energy consumption and improve the quality and control of production techniques for businesses. For example, one of the world's leading brake.

shoe and disc manufacturers, Mintex Don, based in Cleckheaton, scooped a national business award this year after installing advanced technology recommended by Yorkshire Electricity, which led in an energy saving of 70%.

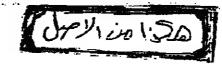
Yorkshire Electricity moving into the generation at electricity via a gas-fired combined-cycle generating station at Brigg on South Humberside and a windfarm on the Pennines.

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BARCETONA

Toote dol Lice.

Yorkshire Electricity Luup plc, Wetherby Road, Scarcroft, Leeds LS14 3HS.



ARTS

In search of martyrdom

time, to associate the notion "doors" with the notion "infinite." Oliver Stone's film The Doors seems infinite, though it lasts a mere 141 minutes. Yet it shows not the remotest perception of what was "infinite" in the Blake-ian sense about The Doors' music. Even I, a non-pockomane recognise in Jim rockomane, recognise in Jim Morrison's broody-thunderous songs a power born of some pyromaniac vision in the soul. Stone's vision is the same as the one he brought to Platoon and Born On The Fourth Of July. Well-upholstered hyperbole drives on the story, with a few tinny morals attached like cans to a wedding car. Drug-prone composer-vocalist Morriprone composer-vocalist Morri-son, though played and sung with spitting-image similitude by Val Kilmer, is presented as a messiah in search of martyr-dom. Society is out to get him, but who in this film is "him"? No human being dwells inside the mad eyes and the marijuana'd wisecracks. ("I don't remember being born," he tells a reporter, "it must have been during one of my blackouts").
"This Morrison bio-pic legend

The whole film starts with the assumption of immortality then the climb higher into Rock Era inspirationalism. Socking on through concert after concert (mixing real and after concert (mixing real and staged footage), traversing ever dottier sexual skirmishes with girlfriend Meg Ryan or groupis Kathleen Quinlan ("Have you tried drinking blood?"), the story's interrupted only by dufful attempt is "explain" the may true been transfer of the story is the sight of the stage as a child by a sight of accident (cue surreally bleached flashback). If he may have a free all spurred in the Viet. moral the Vietnam war or ... What the hell. Suffice it that he is genius and is hours designer idolatry. Stone's through rock stadiums and hotal corridors, tracking after its hero like a mad lepidopterist chasing a butterfly.
Occasionally the headlong

chase yields a glimpee of some Elysian possibility. The film could have bean a pop-world mockumentary in the style of This Is Spinal Tap; but its funny lines are strictly unintentional: "I had enough of this shit with Janis," screams a child manager at a misheless. studio manager at a misbehav-ing Morrison). It could have fined itself 🔳 what it does best: re-constructing the con-certs via fact and fiction. Stone comes into his barnstorming own here: the thousands of extras are whipped into a plau-sible frenzy, as the air crackles to "Come on, baby, light my fire" or "This is the end." Al these moments Marian-fever means something. in The Doors only Hollywood's bid us be with it by jumping on a band-wagon that vanished 20 years

Nigel Andrews

White Palace starts out as a steamy slice of erotic life only to end up a soggy May-December romance. Max (James Spader) is an effete Yuppie adman who is emotionally schred by the accidental death of his wife. He seems destined for a life of tortured celibacy notil he meets Nora (Susan Sarandon), a brassy hamburger waitress 16 years his senior. Against all the odds, the two

"If the item of perception cleansed everything would appear it is, infinite."

It was astute of William Blake, a film critic before his time, to associate the notion "deors" with the votice "infinite rate of the perfect bank heist. Unfortubut also by shared tragedy—Nora lost her teenage son to drugs. Their first few dates see them proceeding all the way reduced the perfect bank heist. Unfortubut the one thing that he doesn't take into account and the major that he was a state of the perfect bank heist. Unfortubut the one thing that he doesn't take into account and the way are the perfect bank heist. Unfortubut the one thing that he doesn't take into account and the perfect bank heist. Unfortubut the one thing that he doesn't take into account and the perfect bank heist. Unfortubut the one thing that he doesn't take into account and the perfect bank heist. Unfortubut the one thing that he doesn't take into account and the perfect bank heist. Unfortubut the one thing that he doesn't take into account and the perfect bank heist. Unfortubut the one thing that he doesn't take into account and the perfect bank heist. Unfortubut the one thing that he doesn't take into account and the perfect bank heist. Unfortubut the one thing the one thing the perfect bank heist. Unfortubut the one thing the doesn't take into account and the perfect bank heist. Unfortubut the one thing the perfect bank heist. Unfortubut the one thing the doesn't take into account and the perfect bank heist. Unfortubut the one thing the doesn't take into account and the perfect bank heist. Unfortubut the one thing the doesn't take into account and the perfect bank heist. Unfortubut the one thing the doesn't take into account and the perfect bank heist. Unfortubut the one thing the doesn't take into account and the perfect bank heist. Unfortubut the one thing the doesn't take into account and the perfect bank heist. Unfortubut the one thing the doesn't take into account and the perfect bank heist. Unfortubut the one thing the doesn't take into account them proceeding all the way from the sofa to the waterbed. with Nora using her consider-able skills and experience to draw Max out of his cocoon of impotent self-pity. So fa so good. In these open-

ing scenes director Lins Man-doki elicits the film's erotic with a steady, stylish hand. Spader's unctuous containment, reminiscent of his fine performance in sex, lies and videotape, me perfect for his character, while Sarandon is eminently believable a a woman determined to keep middle age at bay by sheer sensual will. Unfortunately, their energy flags about a half-hour

> THE DOOM Oliver Stone

WHITE PALACE Luis Mandoki

QUICK CHANGE Bill Murray

SCENES FROM A MALL Paul Mazursky

WINGS OF FAME Otakar Votocek



Val Kilmer as Jim Morrison in The Doors

into the film, transforming it into a quirky love story far less engrossing than the initial pyrotechnics promised. There's a squabble over a vacuum cleaner, an embarrassing visit by Nora's clairvoyant sister (Eileen Brennan), and the inevitable confrontation when Max brings his older, declassé giri home to meet family and friends. Sarandon is much less convincing making impas-sioned pleas for the working class to Spader's smug relations than she is showing him the sensual ropes. After all this soppy domesticity, it comes as little surprise that heir final reconciliation sealed with chaste, public and, in which eroticism is joked about rather thun explored.

It also comes as little surprise that Bill Murray plays a robber few more apt roles for one of modern cinema's most adept scene steadyrs. In fact, every-thing about this light, engag-ing comedy Murray per-fectly, lending him a perfect vehicle for his wry asides and deadpan double-takes. He plays an ambitious thief who, with the help of a clown suit, a sexy girlfriend (Geena Davis) and a doltish sidekick (Randy Quaid).

New York City, portrayed here
as a thoroughly moronic
inferno. Maniacal bus drivers,

lovelorn Mafia wiseguys and

urban jousters conspire to turn a simple trip to Kennedy Air-port into a tortuous adventure. Murray deadpans his way through it all with consum-skill, particularly in the scenes when he takes
bank. Despite
attempts broadening his
character with hints a a traumatic Vietnam past and a matic vietnam past and a romantic entanglement with Davis, he never stops being Bill Murray, even when hidden behind a fright wig and white face. Everybody else — including New York — plays off him with varying degrees of success. His fans will not be disappointed.

Fans of the triumvirate head-lining Scenes from a Mall – Paul Mazursky, Woody Allen and Bette Midler – will be less satisfied. Everything is in place here for a wonderful comedy, with the veteran satirist Mazursky directing Allen and Midler as a successful Beverly Hills couple (she's a best-sell-ing author of psychobabble, he's a sports lawyer) publicly feuding their way through their 16th wedding anniver-sary. The movie is strangely flat, however, despite an occa-ationally trenchant script by the director and Roger L

The problem, surprisingly, is with the leads, who suffer from a disappointing lack of chemistry. When mixed, these two potent and precious elements fizzle out rather than ignite. Allen bravely plays against his usual screen persona, sporting a pony tail and singing the praises of Los Angeles, but is never altogether convincing.

Midler, whose mastery only sometimes glimpsed, such as the publicly pelts her wayward husband with the For the part, as subdued and simless as an picture

It's a fact bit more subdued. Fame isn't a bit more subdued.

In it, Peter of the plays a pompous actor who is gunned down by a deranged fan (Coin Firth). When the assassin periahes as well, their said are barged to the notified and hotel inhabited by famously dead the line a last resort of aumitious comfort and the sumptuous comfort and found ennui - Hendager shoots clay saws away at his fiddle, even Lassie makes an appearance, lurking in the bushes. All wait in dread of the moment when their earthly fame runs out and they will be consigned to the much less cozy mists of Despite the overblown sym-

bolism of hooded boatmen, cadaverous belihops and blindcadaverous bellhops and bind-folded archers, writer/director. Otakar Votocak has a simple point to make — in a godless world, fame is the only form of immortality going. He would have fared far better to ease up on the skewered allegory and focus on the complex making the O'Toole and Firth, who both have heroically to salvage the film from the pretensions. O'Toole is characteristically dissolute and charming, maintaining his legendary poise even in a film that sends him to Hell and

Stephen Amidon



Elizabeth Old and Steven Brett in 'Slippage'

Slippage

Vaut le payeur says ille guidebook; programme when you have in egotiate the horrors of Hammersmith Broadway. And for the way the troupe is performing this season. It may be that the adjustment to an one space from son. It may be that the adjustment to an open space from a
routine of prosesnium appearances has thrown the dancers
off balance, but the company
style looks to me less polished
and purposeful than of late
years. A notable exception on
Tuesday night was Amanda
Britton, who appeared in Richand Aiston's Soda Late. This
solo in silence is inspired by
Nigal Hall's sculpture, which
in turn was inspired by the in turn was inspired by the austere and isolated forms of a dry lake in the Mojave desert. Miss Britton, with her wonderfol linear onalities and clear, fluent phrasing, makes a very fine impression in a piece that has previously been danced by men. She reveals the watchful stillness of the plan in move ment that is beautifully poised, responding to the two austere metal forms that are the sculpture (like a telegraph pole and a skeletal tree) with images no less pure and con-trolled.

The novelty of the evening was the first performance of William Tracet's Suppose, fruit of funding from the Ash-ton Memorial Commission. Tuckett is just starting to make his way as a choreographer with creations for both halves of the Royal Ballet. He is still young, and I am not persuaded that the chance to compose a modern

troupe is the best means of extending his skills. For Slip-page he has chosen a score of minimalist chatter by Dan minimalist chatter by Dan Jones, music that provides nothing to sustain choreographic invention save the dubious merit of continuing to do what it has already done at interminable length. The chief incidents of the piece amount to the dencers peeling off layers of clothes — dull, and by Candida Cook — to reveal themserves in dreary underwest (one chap looks like Captain Webb about — embark upon the English Channel).

The dance, like the score, The dance, like the score,

goes on. Four comples lesp ar walk, droop and race over the stage, and part of the choreog-raphy has the innocent spring-iness I associate with revivals of the sacred texts of early Denishawn dance of 60 years ago. It is decent, and unmemorable, and Tuckett has already shown us that he can do better things than this. The problems of the Riverin the revival of Richard Alston's Dealing with Shadows. It is a piece altogether too

sprightly about . Mozart piano sonata, but when it was first seen at Sadler's Wells inch year, ebullient performance gave it a superficial charm. In its present setting it looks diffuse and garrulous, and the choice of printed tops and beach trunks as gigantic babies. The visual record of this season has not been happy.

Clement Crisp

The Seagull

The most obvious feature of Mike Alfreds' version of the Seagull for the Oxford Stage Company is that it looks extraordinary, not because use any design-led flight of fancy but because it its conception of the people involved. The mem-bers of Chekhov's country bers of Chekhov's country house party appear like cross between the background interm in Renoir painting a convention of Lithuanian nationalists. The men sport big-bottomed beards; the women are simply big-bottomed. Even luckless seagull, bagged by the fretful Konstantin, is an albatross in all but name.

stantin, is an albatross in all but name.
Biggest and brashest of all is Pam Ferris, whose Arkadina is no elegant Muscovite, bestowing her refined presence on her country estate, but a corpulent diva with an all-engulfing presence, who erupts into unconfined temper tantrums and as mickly services. quickly out of again. When it steps on her rickety little stage, ridiculing his off it, the structure under weight, it little proscenium arch no match for her volumi-One well imagine her

appeal who spirit like Trigorin, who simply

bury his sense of inadequacy in her bulk; likewise, makes it woefully clear why her son, Konstantin, has mure grown up. Michael Mueller presents man spiritually and materially squashed mother who bandages he head one minute and hurls insults 🖬 him 🕒 next. "While aw.", won't go click-click again," she beseeches him. It is the nearest she gets to acknowledging his tion, choice of childish euphemism underlining her childlike refusal

The refusal complete it makes a complete it makes a complete to prevent Trigorin from leaving her for the Nina. This which anchors the which anchors the characterisation of Arkadina meaning when it is played by an emotional illiterate. She and finally, having Trigorin meaning when it is played by an emotional illiterate. She and finally, having the company of with a smile face, hereas importance confirmed own importance confirmed.

Alfreds' with

grandiloquence emotion and a sore problem lrena Brook, visually lovely Nina – a

declamation of Konstantin's sweet nothings - signally fails in gather the required stature along the way. Her reappearance, fallen woman, in the final act in certainly not the stuff of tragedy as Arkadina would know it; this haggard little slip is merely pathetic — and rather less than Caroline Quentin's slatternly Masha, whose capacity for melodramatising her micery gives her sometimes. her misery gives her ■ sombre

momentum.

men? One is tempted to them till them they so entirely dwarfed by the women.

Nicholas Clay builds the character is usually the Trigorin around a sphynx-like smile into his beard, as if the writer la lost for the appropriate words. It is a hard imagine him indulging a casual frost's skinny schoolmaster fathering Masha's family, fathering Morgan's brusque doctor sustaints. sustaining 20-year liaison with Dawn Wells fluttery Polina. It is all interesting and different enough, until one to look for the Chekhovian heart.

Claire Armitstead

Frederick Douglass

Newark is ■ romantic and vital Newark is a remarked and vital place, easily reached from New York by overground or underground train, architecturally explorable, ethnically diverse. The biggest Portuguese community outside Lisbon lives there Italians abound And there. Italians abound. And opera in him attended by n eager that in which English the last language

overheard.

The only hig new that have the staged in around New York his season to the grand theatre, seeiing 2,700. One of the company's specialities in verismo — bris, Lodolstia, Zanetto, L'amico Pritz - and under a ductor, Alfredo Silipigni, who knows the traditions. Another is loyalty to singers abandoned by the Met: It was in Newark that I want Birgit Nilsson sing her last Turandot, with Licia Albanese as Liu; and an Attila with Jerome Hines. This season a Carmen with Fiorenza Cossotto was billed, but it fell through. So did the second per-

Money had run out, in in country is running out for musical interprise in all kinds. But Frederick Douglass reached if only in single performance. The Mayor of Newark, it james, appeared as super. I wish could write in the was a mumph; instead, it infind nothing to praise. I thought it an incompetent opera. Douglass incompetent opers. Douglass

a hundred years this identifying would not in necesoratory whose published Narrative (Penguin keeps it in the US and Europe. The Narrative talls of a worth whose free tice tells of a youth whose free, active mind rejected the notion that he and his fellows should that he and his fellows should be lifelong white many owned the William Garri-owned the William Garri-wrote truly that "he who can peruse it without a tearful eye, heaving breast, an afflicted spirit, have a flinty heart."

bardi, Bergonzi the tenor, I made to Newark only

It In a Performance

Money had run out, as in the

David Toussaint

Musgrave's *Harriet*, and Anthony X given differing examples of her had matter can be more worthily matter can be more worthly

comparison
those

seems cheap and unworthy. Kay and his librettist,
Donald Dorr, concocted
clumsy, long-winded drama
untrue to history, crudely and
conventionally "operatic",
wholly unconvincing — about conventionally "operatic", wholly unconvincing — about how Douglass in — last Haiti, brought low by a conspiracy of Washingtonians resentful of a black man's manual Doni-Verdi would had

rejected it as ineffectual.

The poetastry, and Kay's music division on and on in Puccinian arioso Puccini's command of melodic gesture. Kevin Maynor sang the title role, and the veteran dramatic soprano Klara Barlow was Mrs Douglass. Should we hall the show as homage to an elderly black composer (Kay was born in 1917), or deplore it as time, money and talent spent on something artistically worthless and unworthy?

Andrew Porter

Ten new productions for Covent Garden

A new principal conductor and ten new productions for 1991-93 were announced yesterday by the newly ebullient Royal Opera House, Covent Garden. Edward Downes is taking over on September 1 as principal conductor from Jeffrey Tate. He will also function as associate music director, making life easier for Bernard Haitink.

tions tend to have started life in some foreign opera house, but five of season's repertoire will actually have in the House. They are ducted for the first time by Georg Solti and directed by Elijah Moshinsky; very early Mozart, Mitrodate, re di Ponti, opens on the artial centenary of his death in Decem-ber, and a very established Mozart, Don Giovanni; a new production of Wagner's Die Fliegende Hollander to replace the one recently booed off the and the first British professional staging of Rossini's comic opera *Il viaggio a Reims*. The five "bought in" productions are Prokofiev's The Fiery Angel, never previously staged at Covent Garden; Das Rheingold, to complete the new Ring cycle; Meyerbeer's Les Huguenots; Bellini's I Puritoni (the will production); and Britton's had opera. Doubl in The general director of Cov-

Garden, Jeremy Isaacs, also placated his by announcing that he was asking many of the ments of the chorus aged over 50 to take early retirement.

The Minister for the Arts, Timothy Renton, has asked the Aca Council to come up with tion programme by May 17. He is unhappy with in the savings that have accrued so far from the policy of creating Regional and Boards enhanced responsibilities.

So far out of a total Arts Council and RAB payroll of around 500 only 35 jobs are to be lost through the rationalise tion. The Minister wants a 10 per cent cut in the payroll bill. Mr Renton has approved the devolved arts organisations but it is remarkable for the general unimportance of the companies incurred. It includes Aldeburgh, going to Eastern Arts, and Northern Sinfonia, to Northern Arts. There I no mention of the big four London orchestras, the ICA, the Court, or Manchester change, all once earmarked

for devolution. It would well be that Tim Renton is not so keen as the Council on devolution. recruited but they start life, on October 1, not knowing whether they will handle the really major arts companies.

Antony Thorncroft

INTERNATIONAL TODAY'S EVENTS

AMSTERDAM

Concertgebouw 20.15 Historia Challiy Royal Concertgebouw Prince in music Lamen, Hindemith and Shostakovich. Gergiev conducts Shostakovich programme. Sat at 20.15; Haydn's The Creation (6718 345) Muziektheater 20.00 Hartmut Haenchen conducts Johannes Fledermaus, also Sat (6255

■ BARCELONA

Gran Teatre 🔤 Liceu 21,00 Donizetti's II campanello and Leoncavallo's I Pagliacci, will by Gluseppe Glacomini and Piero Cappuccilli. Sat and Sun: Romano Gandolti conducts Schubert concert (412 1466)

■ BERLIN

DANCE Komische Oper Triple bill choreographed by Joachim Ahne, music by Ravel, Stravinsky and Durko (2292 555) MUSIC Steatsoper Linden 19.30

Zar und Zimmermann, comic opera by Lortzing. Tomorrow: Siegfried new production of Manham Butterfly. Sun: (2004 762) Deutsche Oper 2000 Jiri Kout conducts Gum Kramer's production in Katya Kabanova with (aran Armstrong in IIII IIII Tomorrow: Truth Sat: Zauberflöte. Sun: Natalia Troitskaya Tunca (3410 249)

Philharmonie Kammern 20.00 Dennis Russell Davies conducts Berlin Philharmonic Orchestra in music by Dvorak and Stravinsky, with Hansjorg Schellenberger 🖦 🗓 in 🛚 🛦 Zimmermann's Las Sun (2614 383)

■ BRUSSELS

Palets de Perm Arts 20.00 van Dam sings Mozart and Mahler with Liège Philharmonic D conducted by Pierre Bartholomee. Tomorrow: Belglan Radio Orchestra plays all-Russian programme (507 8200)

■ CHICAGO

Orchestra Hall 20.00 Daniel Barenbolm conducts Chicago Symphony Orchestra in Boulez's Notations and Mahler's Em Lied Erde, with Waltraud Meier and Siegfried Jerusalem, also tomorrow and at 15.00.

FRANKFURT

Aite Oper 20.00 Plano recital by Ivo Pogoretich, with music by

Chooln, Ravel and Rachmaninov, Sat Radu Lupu plays Was Mozart plano Committee with Carriers Barri (1540 400)

■ GOTHENBURG

Konserthuset 19.30 Murray Puriting Symphony by Hans Vonk tomorrow at 18.00 (167000)

■ LONDON MUSIC

Covent Garden IIII Gennadi Rozhdestvensky Tarkovsky production 🛍 Boris Godunov, with led by Paata Burchuladze. Tomorrow. Zubin Mehta conducts Nuria Espert's new production of Carmen (240

1066) Collseum 19.00 Jerzy Maksymiuk Don Glovanni with I'd Coleman-Wright in title role, Tomorrow and Mon: Peter Unines (836 3161) THEATRE This week's all include Black

Snow, a new play Neith Dewhurst based Mikhail Bulgakov's 1930s satirical novel on consorship in the theatre, in a production directed y William Gaskill (National), Onnagata, British premiere of Lindsay Kemp Company production mixing mime, ritual, theatre, dance and Kabuki (Sadler's Wells), Caryl Churchill's IM1 play Top Girls, I study of brilliant women of history in the context # their not-so-brilliant modern (Royal Court) Hammerstein's Bizet-inspired

in a lavish production by Simon Callow (Old Vic). Phone Theatreline: Plays 0836 430961 Thrillers 0836 A 701

NEW YORK

Avery Fisher Hall 20.00 Gluseppe Sinopoli New Yart Philharmonic Ormania in a programme including Mendelssohn's in Lan Symphony and Respighi's Fountains of Rome, also tomorrow and Sat. Sun: Philippe Entremont is conductor and soloist with Vienna Chamber Carnegie Hall 20.00 Guarneri String Quartet plays Mozart, Hindemith and Tchaikovsky. Tomorrow: Rostropovich plays Schnitte's Second Cello Concerto with Boston Symphony by Seiji Ozawa. Sat: recel by

Battle. Sun: a celebration of jazz with Dizzy Gillespie [14] 7800) DANCE Metropolitan Opera 20.00 American Ballet Theatre's new production of Coppella choreographed W Enrique Martinez. Tomorrow and

Sat triple bill including Jiri Kylian's Sinfonietta (362 6000) York State Theatre York City Ballet in Peter Martins' new production of Sleeping Beauty. Runs till 5. Spring season runs till June 30 (870 5570)

THEATRE This week's shows include Gypsy, award-winning production of musical with lyrics by Stephen Sondheim and the original choreography by Jerome Robbins (Marquis), I Hamlet, Paul Rudnick's comedy mil a young mississipping and the contact in the title role 🖬 🗷

Shakespeare-in-the-Park production (Walter Kerr) and Other People's Money, Jerry 🕍 expertly-crafted play about the a New England community in protect it an appared an unscrupulous Wall Cremi specialist (Minetta Lane). Ticketron (246 0102) answers inquiries and MIN 1391

■ PARIS DANCE Palais Garnier 19.30 Com Ballet in Giselle, production in Palas

Bart and Eugene Polyakov using original choreography. Daily till May 11 except Mon, with on Sat and Sun (4742 5371) Théâtre des Champs-Elysees 20.30 National de France In Presente Romeo and Juliet suite, with Maria Piano Committee 17. Sun: recital by Gil Shaham accompanied by gerhard Oppitz (4720 3637) TMP-Châtelet 20.00 Eliahu Inbal conducts Ruth Berghaus' new production of Arlane Barbe-Bleue, WE Em and Mani Tues. Tomorrow: Boulez

Saile Pleyel 20.30 Semyon Bychkov conducts Description de Paris in Dutilleux's Symphony and Brahms' First Plano Philippe Blanconi. 🔤 ங concert repeated but will Beethoven's instead of the Dutilleux (4563 0796). The orchestra takes

both programmes on next waster

that of Property and

VIENNA

Staatsoper W M Comi Albrecht Klang, III. Sun III. Tomorrow: Eva Marton Salome. Ma and Man Allers Khovanshchina (51444 2960) Konzerthaus 19.30 First recital

by Ann Murray accompanied 🗐 Graham Johnson, Tomorrow: Cimerosa's Il matrimonio segreto. Sat: Ingo Metzmacher conducts Zemlinsky's Lyric Symphony. Sun: Heinrich I Joins Hagen In music In Marie In Mari in music | Schubert (7124 6860)

■ WASHINGTON

Kennedy Center Concert Hall 20.30 Tortelier National Symphony Orchestra in Symphonie Fantastique and Ravel's Left Hand Concerto, with Could Durse, and and next Tues. Tomorrow: Aprile Millo sings opera arias. Sat Vienna Chamber Orchestra and Philippe Entremont in all-Mozart programme

ZURICH

Tonhalle 20.15 Yoav Talmi conducts Tonhalle Orchestra in Bartok's Miraculous Mandarin mili and Schumann's Second Symphony. with Vladimir Ovchinikov Liszt's First Piano Fri: Alban Lang Quartet (201 1580) Schauspielhaus L. III Francisch Hebel's tragedy Judith, 🖦 Sat and Sun.

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Thursday April 25 1991

Days of hope in Moscow

SUDDENLY, there is hope in Moscow. The statement agreed between the leaders in nine republics - crucially including Mr Boris Yeltsin of Times and Mr Mikhail Gorbachev, the Soviet president, offers the best possibility in months for ending the zero-sum games which have been the stock-in-trade of Soviet politicians.

They have agreed that they must, as soon as possible, and a new union agreement, adopt a union constitution and then hold I for II union parliaments and perhaps the union presidency. But with that have explicitly that six republics which determined pursue an independent course and not sign a union agreement, and which did send their trees to Tuesday's meeting, have

At the same time, they warn that those which sign will establish a common economic space, within which most favoured nation" status will prevail. The implication is that prevail. The implication is that non-signers III on II same footing as former fraternal IIII Europe: that is, they can but they must then pay hard course of for Soviet oil, gas and other products. This will be hard, but ft like freedom: an old to the "internal Brezhnev"

They agreed, too, that
anti-crisis programme
which Mr Valentin Pavlov, the
prime minister, laid before the Supreme on Monday will be supported and that the now paralysing impor-tant parts of the Soviet econ-omy should end. It is seems ready to lend his author-ity restoration indus-

Step forward

This is a big step forward. Most of these republican lead-ers are increasingly powerful figures, so the deal, if it sticks, marks both a further coup for Mr Gorbachev's political skills and an indication of their own sober sense that they must, in these hardest of times, hang together if they do not wish to

choke separately.
But it is Mr Yeltain's signature on the document with Mr through political break-

will, in seven weeks' time, run for the presidency of Russia. His previous calculation, that his popularity would in inverse proportion to the fall in Mr Gorbachev's seems to have yielded to an appreciation that if he blows too hard, down will come Gorby, Boris and all. If the two most powerful politicians in the Soviet Union can suppress their personal dislike in favour of political accord Soviet Union may last a period in which it so fully dis-unite.

Western aid

Such accord = if the country and make of the technical limiting II

must have.
There is, however, large question: I II reform which the republican leaders have agreed to support – the anti-crisis plan – actually out. Mr Pavlov says he waste to use the power of the state to sacrifices, steady the currency, balance the and duction. recognised explicitly that a second terms omy with no fear factor cannot

But he the plans (small) pri-vatisations this year and larger ones next. He urges entrepre-neurial behaviour. He an already oushed through price rises, and the price of the come from state control.

There s much room for doubt. Many - not all - of the
with a more rapid dash for the
Mr Pavlov deeply: all, as finance minister, he was responsible to debauching the currency. He talks too easily of coercion. of states of emergency and of But if, in the fleshing out of

his programme, he really is prepared to bequeath decision making to the market-oriented republics and, more importantly, to the enterprises; if he really can provide some space for market behaviour simultaneously woo it and best it, as Mr Nikolai Ryzhkov, his predecessor, did; if he can keep the apparatus at bay – then he may prove to be a reformer after all. And then the Soviet economy may a chance, even if it is a slim one.

A plea for the motor industry

THERE was a time when a high-powered delegation from the motor industry to Downing Street could induce a strong attack of nerves even in relatively thick-skinned ministers. Not so today. When the gentlemen from Ford, Vauxhall, Talbot Rover paid a visit yesterday to the Chanceller of the Exchange the Chancellor of the Exche-quer, they clearly anxious not to be seen as one more lobby group on presenting a shopping list. So much so that it is tempting to make whether they may not have

whether they may not have under-sold their case.

Ostensibly, the made in order whether there had been an adverse shift in policy towards in motor industry, following a budget which launched a vigorous assault on company car benefits, raised the rate of VAT and increased fuel tax.

ambition, if it is what it was, entirely the complete successions and the complete successions. ■ Conservative chancellors reduced the emphasis upon manufacturing, they have taken a relaxed view of balance of payments deficits which are heavily influenced by industry performance and, with obvious exceptions, adopted a robust rises towards special interest

Lamont hostile

Even so, thrust of the industry's approach hardly looks well directed. Mr Lamont already himself instinctively associations that fail to present a strong economic case. And it is hard to argue with those of his budget measures that rankle with 📂 motor industry, notably the introduction of insurance contributions for employers on pany cars, together with scale charge For travel-ling salesmen, the company a genuine 📖 necessity. For most company executives it simply a perk and an economically inefficient perk at that, in that it distorts and diminishes — Companies buy more expensive cars for their employees than those employees would to buy taxed income. The type the car may also be dictated by status in the firm rather than

features of the Thatcher years has been the reduction in the top marginal rates of income tax that made reliefs for fringe so attractive in the first place. The system has progressively from in in which people were revealed and reliefs to belonging to particular groups - pensioners, farmers, parents or senior managers with cars - to one where the rewards

the expenditure productive.

The real question is whether the cars should perks.

Powerful case

ably discriminatory. There no reason why cars should be

penalised relative to washing machines other than that the

exchequer wins large Nor does the tax make wider

economic or environmental sense. By choosing to increase the initial cost will than

impose burden on the con-sumption the government sim-

reinforces the pressure for congestion: once the purchaser

has bought the car at the

inflated price, the marginal

cost of road use is insignifi-cant. Shifting the burden our

ms additional advantage of encouraging the public in the up from older, fuel-inefficient

modern with

better environmental creden-

tials. Ideally a change

should be accompanied by an

assault on industry-restrictive

that result in retail

buyers in Britain paying up to 30 per cent more than many

continental Europeans

their cars. The opportunity

may come when the Monopo-

lies Commission reports the

much the better, then, that Mr I told the motor industry lease that he would doing precisely that. He alm indicated that would look I the question in the context I tax burden, which equally good And it is I that the motor industry, with port from the Commons trade and industry committee, has a properly case. powerful case I make. III 10
III tax, which
is charged on III wholesale
price of a car, I unquestion-

It sounds like yet another example of buggins's turn. But if the powers that be aren't careful, the UK Government

Stepping back

UN either.
Although invited in nominee, in has told the international Association of the Friends of the United - ■ New York nonprofit organisation - that her UN experience is inadequate and her "primary duty" is to her country and her people. Her letter nevertheless adds

that she can act in some other Philippines and is ready to the cause of Humanity In the interim, her first concern is returning to her country to bury her husband

"Think about every problem, every challenge we face today. The solution to each starts with — President Bush unveiling the America

Fair Lady in which Professor Higgins begins to third about, mable to contain his delight.
"I think she's it!"
"I think she's i It would be an exaggeration to claim that President Bush to claim that President Huan has suddenly got the hang of educational reform. But hold strategy outlined last week has put congressional Democrats. In defensive and delighted some educationalists. Mr Albert Shanker, of The American Federation of Teachers (and no particular friend of the White House), friend of the White House), was not happy with every small detail. But he graciously described the package as a "major turning point in the history and education". No previous US president, he said, had taken such a detailed interest in the house of the property of the large of

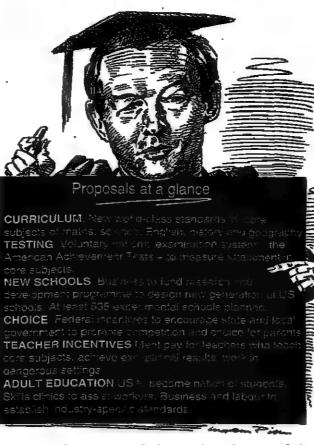
Mr Lamar Alexander, Mr mr Lamar Alexander, mr busa eloquent education secretary, can claim to the credit. Unlike many cabinet appointees, Mr Alexander knows his subject as governor of the first state leaders to recognise the importance of school reform.

The America 2000 programme bears a striking – if unacknowledged – resemreforms of the last Thatcher government. The Thatcher had three main eleium; measures to promote competition transpetition transpe Each element is precisely mirrored in the White House plan. The main difference is Mr Bush a British prime minister's powers. The and local governments primary responsibility for education. Federal description accounts for only about 6 per of the total school budget. With few direct powers and lit-infinancial leverage, Mr Bush rely heavily on his pow-The parallel to the UK's

national curriculum is a set of new "world standards" to be developed in each of five core subjects: English, maths, science, history and subjects. Mr David Kearns, the deputy education was and and president of Xerox, argues that US businesses began to make progress in the 1980s only when they started comparing themselves with "the best in the world". US schools are now being a same challenge.
To measure performance in
the core and the Mr Bush planning the first national examination system in US his-tory, to be known as American Achievement Tests. These will be taken at the ages of about 10, 14 and 18. National tests could make a substantial difference: for the first time it will be possible to compare per-formance not only between school districts but between parents will be aware if their

Michael Prowse on the significance of US education reforms

America's class act



Lamar Alexander: search for higher quality and greater choice

OFY - Tokyo. Critics argue that national tests will kill educational diversity and inhibit teachers. They say US children are already burdened with too many tests. Mr Alexander's response is convincing: the new exams will replace, rather than add to, existing tests. They are intended to be of a higher quality than the multiple-choice quizzes on which most American children are reared: students will be expected to write essays and solve complex mathematical problems as is commonplace in Burope and Japan. "Teaching in the test" may, therefore, omote better teaching.

Finally, students in different states may not need to take the man exams: different tests calibrated to the same educathread standards (callbar like different A-level exam boards in England) may be used.
For constitutional reasons the national tests will be voluntary. But colleges and employers will be encouraged to use them for selection pur-poses. Presidential citations will be awarded to street

who do exceptionally well.

The second main plank in
Mr Bush's strategy mirrors UK
efforts to promote competition
between schools. The Thatcher government passed legislation in 1988 giving parents a wider

choice of schools within local authorities. Schools were also

given the right to "opt out" of local authority control and be funded directly by Whitehall. Mr Alexander would love to Mr Alexander would love to possess such powers. "I don't know how we ever got into this attuation in America of denying a broad of the parents," he says. "Everything else in America we choose: our curs, our cities, our jobs, where we live." Eight states have already passed "school reforms. But the manufacture intends to inject momentum into the choice movement. tum into the choice movement the ing about \$200m in the states and local governments that pass legislagovernments that pass legisla-tion promoting repetition. Mr Alexanter iso wants in revise the learnt government's 36m programme for Ibad's legisland under-achieving punis (known as Chapter I) so and "federal dollars follow the child to whatever extent state and local policies permit". Measures to permit greater

Measures to permit greater choice among public schools are likely to be grudgingly accepted, although there is little enhance that they raise educational standards. Critics rightly warry that schools may end up selecting pupils rather than parents selecting schools. If that happens, the already

black and white residential dis-tricts could be exacerbated. What most alarms critics, however, is the suggestion to private and Catholic out that the GI bill subsidising the college education of ex-ser-

wicemen after the bound World War did not stipulate in the public sector. By analogy he would like disadvantaged children to be able to spend Chapter I dollars in private schools. Opponents say spend Chapter 1 dollars in private schools. Opponents say this would wreck the finances of already underfunded innercity public schools.

The third in element in the Bush strategy closely parallels the British city technology colleges in its to The

ogy colleges initial The Thatcher government sought business backing for the then of new schools that would act as "beacons of ercellence" for the public sector.

Mr Bush is doing the same only on a grander scale.
Under the plan, the business
will rise \$150m to fund the New American Schools Development Corporation, non-profit organisation will award contracts next year to between three and seven research and development (R&D) the from companies, univer-sities, think tanks and others. rhe R&D teams' — k will be to "re-invent the mile achool". The goal is to have at new-style schools — in for each congressional into in operation by the schools. But it is may to mock the mion of "re-inventing" public schools. But the plan has real necessital; schools are arraphly

potential: schools are arguably one of the few institutions that have failed to adapt to great have much to adapt to great social and economic changes in the 20th century. Mr Alexander expects the R&D teams to begin by "erasing all convensations" about schooling, such as the calendar and schedule, the curriculum, the class size, and the nature of learning rials. The only constraint is that the new schools abould achieve the set in the new national exams at a greater than that in nuity just might produce an educational innovation the rest till will want to copy.

Mr Alexander carefully Mr Alexander carefully describes the reform package as a "national strategy" rather than a federal policy. At a cost of only \$690m, the programme can hardly be said to be usurping the educational role of the states. There are cartainly hig contact that the wind area of pre-school education. It is doing nothing to reduce vast doing nothing to reduce vast disparities in educational spending in the and poor dis-tricts (it is seven to be to

nal and state support. The strategy cannot hope to raise educational standards quickly: no policy framed in Washington could do that. But there are enough ideas to take the bite out of criticism that M. Dani lacks a domestic agenda. To the consternation of Democrats, the "education president" is in danger of liv-

into making under the pro-

posals - particularly national and research into new

achools - deserve congressio-

BOOK REVIEW

To the best of his belief

dis is small mountain M a book III sides are steep and climbed only with frequent pauses for breath, but the view from the top is worth the exertion. The difficulty of the climb stems from the author's ambi-tion. Hans Küng, the prolific

Catholic theologian whose teaching licence was with-drawn by tas Vatican in III uses this short work to outline his plan to spend the coming years examining the history and theology of Christianity, Judaism and Islam in pursuit of a secure, ethical basis for of a secure, ethical basis for world peace. The spirit of the enterprise is captured in the book's German title: Projekt Weltethos. What a project!

But this is not a book for a closed theological fraternity.

Dedicated to former Bundespresident, one chunk
the with momentous meeting of
World Economic Forum in February 1990. In style, the brilliantly compressed

summaries of, for example, the ories of world history (Hegel to Toynbee) and slideshow slo-its final words read: no human life together thout a world ethic for the

no peace among the nations without religions; no peace among the reli-

rions without dialogue among the religions.
Kung's thesis states that "our new, post-colonialist, polycentric age, in post-moderpolycentric age, in pust-moder-nity" needs an agreed ethos which only religion can pro-vide; post-modernism, in his view, set in about 1918. Among its identifying features are technologies capable both of drawing people together (tele-communications) and destroying the planet (nuclear weap ons and environmental mismanagement). And yet in this world of information overload, there is simultaneous tendency individualisms, cultures, nationalisms and religions to re-assert themselves, most powerfully and obviously in the Islamic world.

Kung accepts that "those who have no religion can also lead a life which is mathematically and the state of t cally human and in this moral", but he without religion there is no absolute or unconditional reason to adhere to or to require adherence to religion's essen-tial tenets: don't kill, don't lie, don't steal, respect parents, love children and avoid immorality. Only religion, he says, has shown itself capable of leading and influencing whole populations, regardless of background and education.

bly central European timbre betrays a hint of the list, he makes a specific pirch for unbelievers to join great dialogue on the grounds that if you the claims of you cannot deny the political and social importance of the fact that mil-King thus seeks at once to

Although Kung's unmistaka-

GLOBAL RESPONSIBILITY: IN SEARCH OF A NEW WORLD ETHIC By Hans Küng Press £12.95, 158

be open-minded, but loyal to his own creed: steadfastness and self-criticism are the essential qualities he identifies for the task ahead.

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What, though, is the common threat which binds the great religious? For Kung, the answer is "the humanum", or basic human values. "Religion," he writes, "is true and good to the degree that it serves humanity, to the degree that ... it advances men and women in their identity, sense of meaning and sense of dig-nity, and allows them to attain a meaningful and fruitful exis-tence." The thread is thus clearly appiration rather than achievement, and perhaps even as aspiration it is too much the work of a post-Englightenment European mind to carry the weight the author gives it.

It would be wrong, however, to imply that King is unaware, of the Eurocentricity of his of the Eurocentricity of his-intellectual heritage. He rejects both Hegel's and Spanish seminal theories of history partly on the grounds they ignore marginalise Judaism and Islam. Arnold Toynbee, Markitsh historian. is viewed more favourably, but still found wanting in his grop-ing for some synthesised "world religion". Küng is surely right to recognise that religious will remain stubbornly factional; the best that can be hoped is that they learn to love dialogue more than they enjoy militancy.

As we look from Prof King's mountain top, it is not surpris-ing to see patches of haze. In his opening survey of the state of the world, for example, he dismisses Japanese moral and spiritual life with a superficiality which over-influthy which over-influ-enced by newspaper stories about recent scandals in poli-tics and business.

mostly, we should be thankful for Hans Küng- and his motivating judgment, that religion remains and we in

human affairs and peace, if it is to be found anywhere, lies along the road of intelligent and ogue. Kiing, an antidote to the Vatican, is the kind of in Alba. tual the 20th an ury needs; thorough and with a global perspective.

Towards the end of the book,

great protestant theologian, Paul Tillich, who gave a lec-ture in Chicago in 1965, recognising the need to re-work a lifetime of systematic theology in the light of his emerging understanding of world religion. Ten later, he died. As Küng sporoaches his mid-sixties, with *Projekt Weltethos* before him, we can only wish him a long and active old age.

Ian Hargreaves

Buggins's

turn

They used to say that behind every Polish minister there stood a Soviet adviser. It now seems the Soviet official has been replaced by a pinstriped London merchant banker.

children's results are lower than those of students in New

York or California or - in the-

Warburg just given the plum job advising the privatisation. The UK government has promised to reimburse the through its "know-how" fund, a gigantic system of outdoor relief for the City. So the Poles could hardly have chosen a non-British bank like Morgan

stanley.

But why Warburg? Since no one ever before contemplated returning 8,000 or so companies to the private sector, there is nothing in Warburg's record in suggest it is any equipped than the enders. tenders will all Polish speakers on their staff.

is going to be accused of hav-ing a favourite merchant bank

Imelda Marcos, barred from returning to the Philippines in retrieve her 3,000 pairs of shoes, be collecting the secretary-generalship of the

capacity with the UN III in the

OBSERVER

Ferdinand, the late dictator. President Corazon Aquino, who overthrew him in 1986, has promised to allow his widow back before year end in the with a Swise court ruling unfreezing Marcos bank accounts worth \$350m return and defend berself.

it was will then to ray and the last th other and so it allegations she and by husband stole

French strings

Move important it is for top managements to keep their finger on the pulse of as interests was highlighted by Cadhury Schweppes

Dominic Cadhury when a House

of Commons select committee yesterday.

Recalling the run to his group's takeover of French confectioner Chocolat Poulsin in 1987, he said: "We had to get agreement from a government department in Paris that was the portion of cocoa beans purchased and that we would continue to purchase from the Ivory Coast."

If his group hadn't agreed to co-operate, he added, the merger might never have been.

Rescue mission

■ Why is Stanislas Yassukovich, one of the grand old names of euromarkets, joining the board of the Bristol and

West Bullding Society?
After a high-flying inter-national banking career with the likes of White Weld and Merrill Lynch, his appoints to the board of a second division UK building society seems a bit of a come down. Of course, Yassukovich, who



"I'm leaving and going to live in our second home."

has always had a much wider range of outside interests than the average Eurobanker, does not see it that way. His estate is in the

Cotswolds and he says he is getting increasingly interested in retall financial services. For the Bristol and West, desperat to get back into the race with the nearby Cheltenham and Gloucester, Yassukovich is quite a catch.

There have been persistent rumblings of discontent amongst shareholders about amongst snarendears anount the inbred board and it was expected to resurface at the society's annual general meet-ing on Monday. Yassukovich's appointment should defuse it once and for all.

Pulling power

■ Dr Peter Williams has made an attractive start as chairman of Oxford Instruments Group by announcing an order for what may be the world's biggest superconducting magnet.
Doughnut-shaped and measuring about 5 metres across, it
will play a key role in physics

experiments by the US Rnergy Department at Newport News. Williams, a physicist of 46, has been Oxford Instruments' chief executive since 1986. With Sir Austin Pearce's retire-ment, he also shoulders the chairmanship of the diversified electrical engineering concern. The order, due for delivery in 1994, is worth over £3m. But Williams has an ambitious eye

on a still bigger American
physics experiment called the
Superconducting Supercollider,
being planned by the US Government in Texas. The Oxford instruments chief says at least half the cost — put at nearly 25bn - will go on some 7,000 The US electrical industry looks sure to get the lion's share. But Oxford is one of

seven chosen suppliers of superconducting wire worth around £295m, and has been approached about building e of the trickier magne While they're not expected to pose production problems, Williams wouldn't be caught defenceless if they did. A customer in Japan once paid Williams the compliment of saying they had never known a foreigner apologise so gra-ciously in Japanese for his company's falling behind time.

Steam age

The high-tech Blue Arrow trial, expensively kitted out with electronic widgetry to help the jury, continues to be underwined by steem ege

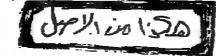
technology.

After a week when the airconditioning wafted the smells
first of bolling rice then onion soup into the courtroom, the system packed up completely yesterday, prompting Mr Justice McKinnon to rule the consequent fug too much for

the court to bear.

Meanwhile, the judge's war of nerves with the noisy builders next door shows little sign of abating, despite his proposa on one occasion that the court clerk should deal with "these rogues" by pulling the plug on their power supply.





Protesters' sacked Slovak Py

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hen unemployment exploded in the early and then continued climb more gradually, ministers suggested that the phenomenon was related to that the phenomenon was related to excessive pay increases. Indeed, the Treasury issued a mustard-coloured paper. The Relationship between Employment and Wages, in January 1985, with the unusual by-line "Review by Treasury Officials", presumably to show respectability.

Respectable or not, the thesis is true – although there is much room to arme about how far the trouble is

to argue about how far the trouble is with money wages, how far with real wages and how far with something more elusive, like real pay objectives. The Treasury paper, written when ERM was under veto, concentrated on real pay and estimated that for every 1 per cent it rose above some appropriate level, employment would fall by % to 1 per cent (other things being equal, which they are usually not).
Ministers were, therefore, puzzled and almost embarrassed when unemployment virtually halved, falling from 11.1 per cent of the workforce in 1986 to a low of 5.6 per cent in 1990,

The UK is by and large a fix-price economy, where pay and prices are slow to respond

without any visible wage moderation and indeed some modest reacceleration as the last boom got going.

The answer to the puzzle is, I am afraid, that part of the fall in unemployment in the late 1980s was unsustainable. Economists who had no political axe to grind hesitated to say this for good reasons.

this for good reasons.

They hoped that there had been a sufficient productivity breakthrough, and not just a temporary boom-re-lated upsurge, to raise the warranted rate of pay growth consistent with high employment. They also hoped that the labour market had become

his has been quite a time for the economic teenagers -those who rush to dramatic but volatile conclusions on the basis of ephemeral indicators. At the end of last week there were cries of "credit crunch" on the basis of a one-mouth drop in seasonally adjusted bank lending this March to £0.7bn (or 0.1 per cent) compared to an average of £5bn in each of the preceding six months. A reduction of base rates, we

were assured, was now urgent.
Then on Monday there was the opposite alarm. The volume of retail sales in March rose by 3.7 per cent above that of February. Now we were

	Old	New
1989	-10.6	-19.9
1990	-16.0	-12.8
1990 1st half	-19.2	-19.0
1990 2nd half	-12.9	-6.6
1991 1st quarter	_	-6.8

ECONOMIC VIEWPOINT

A country with a fix-price culture

By Samuel Brittan



unemployment required to maintain in being any reasonably low and sta-ble rate of inflation, once it has been achieved (the so-called NAIRU, or non-accelerating inflation rate of unemployment). The second relates to the even higher transitional unemployment costs of moving from one rate of inflation to a lower one.

Recent academic estimates of the UK NAIRU have varied from 6 cent to 9 per cent, or 1.8m to 2.5m. Although much too high, it has, if anything, been slightly less than actual average EC unemployment. The real British disease has been the even higher transitional unemployment required to achieve each per-

There are two aspects of perverse labour markets. One is the rate of Quite a time for teenagers

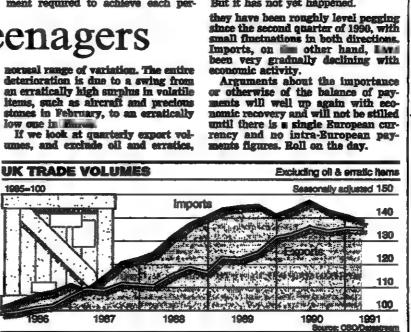
told that base rate reductions must be put on hold in view of the vigor-ous rebound in consumer spending. smartly in the final three quarters of 1990 and recovered very slightly in the first quarter of 1991 to end up Both conclusions were of course absurd. Next Tuesday we will have the Bank of England's analysis of bank lending on a three, six and month basis. It has already told us that, on any of these bases, narrow money (MO) is well within, but not below, sovernment's target range. Broad money, which the government does not target, has been growing by between 6.8 and 9.9 per cent per annum — if anything, reascent per annum - if anything, reas-suring compared with the doubledigit rates experienced for so long.

The idea of a retail sales boom is
even more absurd than the opposite
one of a credit crunch. The main resson for the March upsurge was, of course, the desire to beat the April VAT increase. A secondary factor was the early Easter. On a slightly view, volume fell

half a per cent lower than a year ago.
In other words, sales are just about dragging themselves off the bottom.
The trade figures are not now as This is partly because the recession has reduced imports, while the discovery by III. Central Managers of the current deficit by some £6bn per annum.

Nevertheless, temagers found the estimated March current deficit of £432m "disamounting" and "domble \$432m "disamounting" and "domble estimated March current deficit of 2432m "disappointing" and "double your money". Why? Because it was twice as high than February's erratically — deficit and because the so-called market consensus was for a deficit of 2300m. This latter guess was simply the average of the previous five months; and the actual shortfall from it was very well within the deterioration is due to a swing from an erratically high surplus in volatile items, such as aircraft and precious stones in February, to an ercatically low one in Fibruary.

If we look at quarterly export vol-umes, and exclude oil and erratics,



LOMBARD

Hiccups over monetary growth

By Peter Marsh

TECHNIQUES to minimum monetary growth across Europe

I be vital to the operation of the new European central bank, due to be set up during the final
of economic and
tary union (Emu). Officials at
the Bank of England, in conjunction with other central banks, are working on a novel, highly secret approach to this subject. The FT has stum-bled upon a Bank briefing

centage point reduction in inflation.

John used to

distinguish between flex-price and fix-price economies. Flex-price economies respond to a slackening of demand by reductions in pay and prices or in their rate of increase. In fix-price systems, wages and prices have a large inertia and adjustments are

large inertia and adjustments are made by means of quantity. Stocks pile up, outside purchases are curtailed, and orkers are laid off.

The UK is by and large a fix-price economy. This is shown not only in the stickiness of wage inflation, but of price inflation too in many sectors.

The purchases, trimming staff; but they reduce list prices or wages only as a last resort.

staff; but they reduce list prices or wages only as a last resort.

Eventually, of course, not and margins do get trimmed and pay increases do come down to what the international competition can justify. Bull after a painfully long later ill when many jobs have disappeared.

Gavyn Davies of Goldman Sachs is very likely right in pointing to the parallel with the corresponding stage of the 1980 recession when both the headline RPI and pay settlements suddanly fell with astonishing speed—the latter from 16% per cent to 9 per cent in the course of the year. This time Davies expects a drop from 10 per cent to 7% per cent. The headline RPI will not, of course, be the basic cause of wage de-escalation, but the fig-leaf which will be used to justify it. But what a cost this fall in pay settlements will have exacted on both occasions. Unemployment is now rising by some \$00,000 a quarter and is likely to be within spitting distance of 3m before the rise tapers off, even assuming a gradual recovery from presested from mid-way onwards.

paper on the project, part of which we reproduce here.

The European Aggregates
Targeting (EAT) programme is aimed at finding monetary indicators that will faithfully monitor changes in the pan-European economy. That in no mean task, given the range of economic and cultural conditions across the continent.

Britain's role in EAT can be to the mid-1980s. Distilu-and with the performance of existing monetary aggregates, a small team of Bank officials started work on Grand Unifying Theory (GUT) of monetary targeting. The group explored new thinking that went beyond that tional monetarist economics. It drew on people skilled not just in this field but in biochemistry, an area where Britain has a world reputation

am before the rise tapers off, even assuming a gradual recovery from recession from mid-year onwards.

Eventually ERM membership should acquire enough credibility in speed up these adjustments. In any case a change in business culture is as important as changes in laws and incentives. The Thatcher years may have laid the ground for this change. But it has not yet happened. for innovation.

The GUT name radical approach paid off with the theory that changes in the UK supply could be modelled on genetically-induced interactions during the digestion of food. The influences of genetic programming on this genetic programming on this process were found to be similar to the way that factors such as wage claims, unemploymen

as wage claims, unemployment production efficiencies affect the money supply.

The practical relevance of the GUT ideas was established in a programme of tests, which used human volunteers with a range of genetic characteristics. Virtually all aspects to the trials were satisfactory. Outbreaks of inflation were characteristics. acterised in the GUT model by localised physiological disturb-ences. Ingestion of specific foods accurately simulated external economic shocks; lob-ster for an England cricket vic-tory, rice pudding for an offprice rise and a well-grilled steak for a broadside from the

Bundesbank on price control. More quantitatively, the studies held out the prospect of a new regime of monetary indicators — code-named Biologi-cal Universal-Rule Parameters, or BURPs — which would be far better than any previous

monetary aggregates.

Mr Nigel Lawson, then chancellor, was elated with the proj-Thatcher, then prime minister, Thatcher, then prime minister, was more sceptical; apart from her own personal disagreements with Mr Lawson, she had little confidence in the practical capabilities of UK biochemists, whom she had never forgiven for falling to patent monoclonal antibodies.

After Mr Lawson resigned in 1999 the GUT work foundered

1989, the GUT work foundered - until Mr John Major took over as prime minister and recognised ill significance to Emu. Mr Major, whose straightforward eating habita-based around a liking for ice cream and brown sauce are cream and brown sauce are well known, was instinctively attracted to the GUT He also seized upon the work Britain could use its capabilities in the monetary field to the benefit of Europe, followthe benefit of Europe, following of the UK's pioneering on the hard Ecu currency. After Ms Major broached the matter over dinner with the other European heads of state, EAT was born. EAT has led to the establishment of several loosely linked projects across Europe Ger.

projects across Europe. Germany, France and Denmark have led the way with a joint have led the way with a joint effort, the Strategic Alliance Aimed at Monetary Indicators (SALAMI). Italy has its Provisional Attempt a Short-Term (PASTA) project, while Spain is working on the Critical Inflation-Target Reduction Scheme (CITRUS).

EAT has found that, despite the cross-horder differences in

genetic programming and est-ing habits, the same basic theo-ries hold across the entire continent. Although it is too early to be sure, we can hold out the hope that ultimately EAT will produce an all-encompassing monetary index for Europe, provisionally labelled the Highly Operational Target Aimed at inflation Reduction, otherwise known as HOTAIR.

LETTERS

Sophistication of the Polish consumer The real roots

ment by working as a street-side vendor in Warsaw. After all, how could I claim to economic advise to Poland

Sir, Although I am unable to devote the time necessary to refute each point James Morgan addresses in "Poland wakes to the day of the deal"

(April 13) let me bring just one of his mis-statements to light. In his attempt to characterise Polish consumers as unsophis-ticated and naive, Mr Morgan writes that Poland is filled with "goods well past their sell-by dates, which are incom-prehensible labelling of these goods comes in any language but Polish". For a few weeks last year I conducted an economic experi-

economic advise to Poland without a real, first-hand knowledge of the nuts and boits of the Polish economy? So I joined the crowd of Polish traders on the night train to west Berlin, stocked up with large a crates of D chocolates, returned to Warsaw, and set up shop on Marszalkowska Street. The first thing that virtually every potential customer thally every potential customer did was bring my attention to the expired sell-by date. It was the worldly American who had unwittingly purchased out-

ial spirit of the Poles, not their desire to cheat and exploit, time will lead to Poland's return to "western" Europe. André adviser, Ministry of Privatisation,

Water meters -

From Mr M. R. Hoffman.
Sir, Mr D. A. Fagandini is quite right (Letters, April 20) to point out that substantial cost savings possible with meter, though much depends in the size of the property concerned and the cusconsumption.

Water har regular told about the meter option. It give details every with our billing document and our

a fair but costly option vice staff will offer advice to

in the UK, and Enrope. Our price rises - up to 45 per cent above inflation for the next five years - are neces-sary to correct years of underinvestment. Our aim is to give customers one of the best water and sewage services in Europe and meet the highest environmental standards. M R Hoffman,

dated merchandise.
Likewise, with the ski jackets I was selling the next week.
Although "Made in China"

does not look much like "Wyprodukowano w Chinach",

it was universally understand-

able - and unfortunately not much of a selling point.
It is the clever entrepreneur-

Britain's march from a social market economy

Sir, David Marsh ("A hard act for Britain to follow", April 15) is surely right in identifying a guif between the German reality of a "social market recovery" and present arrange. economy" and present arrangements in Britain. It is a pity that he didn't emphasise the size of that gulf. The Thatcher era has not only left us with a battlefield of broken "social" institutions but with brigades of enterprise warriors force-marching human and capital resources in the opposite direction from the social market

towards the "free market".

For example, in the field of vocational training, David Marsh is wrong to say that Britain is already actively trying to imitate the German "dual system". The core of the latter is the industrial craft apprenticeships for Facharbeiter (skilled workers), as in the metal-working sectors. British training has been, and is still being, pushed away from the Fucharbeiter/craft principle of training for broad-based potential capacities, towards much narrower train-as-you-need-

anyone who calls.
We believe that metering is the fairest option but it would be vastly expensive to meter all private premises in our region. This is especially true in London where installation costs could be as high as £1,000 per property because of the need to separate supply pipes. This should be seen against an household's annual bill of £130 – among the lowest

group chief executive, Thames Water, ing and other employment relations - the U-turn will be on a match retreat from

From Mr Adrian Jenkyn. Sir, If the Cambridgeshire Sir, if the Cambridgeshire County Council would like to see a real traffic jam ("Paying the price of traffic jams", April 22), I suggest they visit Japan. They might also learn that loading motorists with an ever increasing array of charged penalties or other obstacles makes not a scrap of differ-

Adrian Jenkyn, Jenkyn Associates Interna-tional, 204 Azabu House, 7-13 Roppongi 1-choma, Minato-ku, Tokyo

From Mr Chris Gannon

them "competencies"; a trend that the government's National Council for Vocational Qualifi-cations is actively endorsing. When a British government has to turn social market rhet-oric into reality — if only to keep up with the probable Bryn Jones, INSPIRE, School of Social Sciences, University of Bath, Claverton Down, Bath keep up with the probable institutional harmonisation for common EC standards in train-

The stop-go schools of motoring

lems of traffic in densely populated Britain. How does western Germany, with similar population density but already 30 per cent more cars, manage to keep its traffic flowing so relatively well, both on the highways and in the cities? If we introduce further costs for motorists which are out of

line with our European competitors, will this not contribnte to our economic decline? What about countries such as the Netherlands with much higher population densities? Chris Gannon, Carmela Cottage,

High Street, Long Wittenham, Oxon Sir, You refer to the prob-

of poverty

From Mr Geof Rayner
Sir, As a former teacher in a supposedly "ghetto" area of New York and today a social services worker in Lambeth, I — and reject – the diagnosis of H — offered by the American aca-demics presented in Michael Prowse's sympathetic piece, "The underclass is no illusion" (April 22).

However, if their diagnosis smacks of Thomas Maithua and Samuel Smiles, the alternative that Prowse offers, that of mass relocation of the poor, also has roots in a more repres-sive era. His suggestion of sive era. His suggestion of moving people out of the ghetto em bloc, as was also achieved in "ghetto" parts of London in the final quarter of the last century and through urban planning in this, is merely an act of dispersal and dilution. Sprinkle the poor through those neighbourhoods with economic abundance. with economic abundance, says this theory, and the prob-lems would be set to right.

lems would be set to right.

But what is wrong with trying to redress — by economic, educational and other means — the injustices to poor people in the communities in which they already live, and by activities which their existing survival — their existing survival — individuals and — to do suffer damage by deprivation, but it has to be said that the problem is not fundamentally the lem is not fundamentally the people or even for that matter, place. We is missing from communities afflicted by unemployment, drugs, or other perils, on either side of the Atlantic, is hope - how it is associated with index and group economic progress, community pride, and legiti-macy of social institutions.

Until American policymak-ers discard Dickensian fantasies about lifestyles of the pour and start dealing with poverty, they'll be as far off the mark as their Victorian forebears. Yours sincerely Geof Rayner

vice-chair, The Public Health Alllance, Snow Hill House, 10-15 Livery Street, Birmingham

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MIDDLE EAST PEACE MISSION

Baker criticises Israel over new settlements



IMF urges

iobless

benefit

By Peter Norman

in London

Washington and Lise

Wood and Raiph Atkins

A CUT the length of time unemployment benefit is paid in Britain is urged by the Inter-

which also warms that the UK
was facing the deepest recession of the Group of Seven
leading industrial countries.

The IMF suggests the bene-

of measures intended to curb the UK's high level of wage increases. It says in its World

Economic Outlook that action is nueded to increase the

wages to market and to promote labour mobil-

training programmes and improving the functioning of

labour exchanges" to prevent a rise in unemployment in the

sharp increase in the early 1980s. Britain must maintain

monetary and fiscal policies

"conducive to a substantial downward adjustment in the

growth of wages," the IMF

while warning of the depth

of the recession, the IMF says there is "little scope for a nificant reduction in UK IMP

est rates" unless this is fully justified by sterling's position in the exchange rate mecha-nism of the European Mone-

tary System and clear signs that underlying inflation

IMF projections point to a sharp 2.1 per in UK gross in the product this

year but with a strong recov-in half. Growth next year is forecast at about

1.9 per cent. But unemployment will keep on rising in 1992 and is expected to average 8.5 per cent of the labour force

next year after 7.5 per cent this year and just per cent in 1990.

Britain face several years of growth, it indicates.

GDP growth in the UK will lag slightly behind the

average of 2.1 per cent in the 1980s.

on it

point on unemployment bene-

fit. The government terday that it kept the impact

of the system on the labour market under review

but insisted that it was not considering any proposals to cut the duration of unemploy-

Basic unemployment benefit, currently £41.40 a week, is paid

in Britain for up to a year but after that individuals who have no savings can claim indefinite

income support at only a

slightly lower weekly rate. For Labour Mr Tony Blair,

shadow employment secretary, said: "It would be wrong to think that a cut in the period

of unemployment benefit would, of itself, bring lower

WORLDWIDE WEATHER

ment benefit.

limit in UK

■ FRUSTRATED Mr James Baker, US secretary of state, yesterday sharply criticised Israel over new settlements in the occupied territories amid signs that his peace shuttle might be faltering, writes Tony Walker in Cairo.

Speaking M reporters in Damascus after marathon talks with President Hafez al-Assad of Syria, Mr Baker said he was

of Syria, Mr Haker said he was
"very disappointed to learn...
that there is yet another new
established in the
(laraeli) occupied territories".
"That points up vividiy
it is easier to obstruct
than to promote it," he
in a departure from his previmuted approach to the
settlement during
his current Middle East tour
his third weeks.
Mr Baker, who arrived in the

his third weeks.
Mr Baker, who arrived in the Lindon last night for a meeting with his Soviet counterpart, speat 9% hours with Mr Assad on Tuesday in talks that reportedly bogged down on UN involvement in a proposed regional peace conference.

Mr Farouk al-Shara, Syria's foreign minister, who was sit-ting beside Mr Baker at yester-

should play an important role in this Syria, the most hardline of the Arab states bordering Israel, is insisting that any Israel, is insisting that any peace initiative should be based on UN Security Council resolutions 242 and 338 which call in the security guarantees for all states in the region.

Damascus also wants the security guarantees to bare European

conference to have European Community involvement and to be given the authority to oversee the implementation of decisions reached.

decisions reached.

Israel, feering pressure from the majority, wants to limit such a gathering to a symbolic "opening," leading to direct bilateral talks with its Arab neighbours. It also wants to exclude the Palestine Liberation Organisation at all costs.

As Mr Baker prepared for today's meeting with Mr Alexander Bessmertnykh, the Soviet foreign minister, in a reacrt town in the foothills of his clear that his peace shuitle was in trouble.

the was in trouble.
In his efforts to coax all parties to the dispute to accept the need to be in talking, he is bat-tling decades of suspicion and deal with an Israel deeply divided on the international community's central demand - that agreement be based on exchanging "land for peace" in the occupied tarritories. Mr Baker's inability to stop

the hardline level govern-ment building new settlements in the territories is undermin-ing confidence in his mission among the Arabs who have called for a freeze on such set-The US official is due back in

Israel late today for what seem certain to be difficult talks with the Israeli premier, Mr Yitzbek Shamir who has been to clarify Israel's posi-tion on terms for its participa-tion in a proposed regional

peace conference,
Mr Baker was reported
looking drawn and sounding
siber his long session
with Mr Assad on Tuesday. His
talks with Mr
will focus on
Moscow may help to promote
confidence in the latest US initiative.

The US wants the Soviet Union to co-sponsor a regional peace conference. Israel says it will not accept Soviet co-sponsorship unless Moscow resumes relations, suspended during the 1967 Six-Day war.

Art scandal widens with police raids

IAPARIM investigators across the country yesterday in a widening corporate scan-dal involving art and real estate deals worth commissions of dollars, in the

millions of dollars, reports from Tokyo.

Hundreds of police investigators raided 48 sites following legal complaints filed by the Osaka-based trading firm Itoman and by Seibn Department Stores, a wholesaler, Osaka police and the Osaka District Prosecutors' Office

The deals involved 219 miles up, among them a Renor and a Chagall, which from alleges were sold to it at prices far above market. Itoman also incurred losses in fraudulent loans made to a real estate developer, police

Japanese firms as part of a "bubble" phenomenon that Japanese firms as part of a "bubble" phenomenon that found companies awash with investment funds as domestic stock and land prices soured. However, Tokyo share prices tumbled last year.

The legal complaints filed by Itoman and Seibu, which are public documents, named a former Itoman executive. a

former Itoman executive, a Korean art each his associ-ate, and an art appraiser who worked for Seiba Department

ander a banning breach of trust if prosecutors decided to file on the complaints.

of speculation in the property boom of the late 1980s.

Germany 'will not cut rates'

"Public series transfers to east Germany this year will come to about DM140bn, Twocome to about DM140bn. Two-thirds of the gross national product in the east effectively omes from the the transfers are financing

The deals involved 219

Damage could total about Y40hn (\$290m) but this depends on the actual sales price of the paintings, an Ito-man spokesman said. He said

about Y55.7bn.
The case highlighted aggressive art deals undertaken by

The four could be arrested

Continued from Page 1
"Now, the best time to ask
people to make sacrifices is
past. In calling for a greater
national effort, the politicians could have been a life and Churchillian."

consumption – unemployment benefits, pendicus etc – but there is an increasing amount

Over the timing of eventual recovery east of the Kibe, he said: "There is not much sense in trying to predict an end to the period of slump - it will certainly last some time. But in east Germany they are now drawing the right care. drawing the right conse-quences from the fact that 80 per cent of the economy there is uncompetitive. This means of course, that I large number of lay-offs are inevitable."

day's perconference, the Syrum position visual this point is very clear. The UN **GEC** Avionics wins contract

for Stealth fighter computers

By Paul Betts, Aerospace Correspondent, in London

Hill Ass worth many Many £300m (\$507m) will be announced today by GEC Avionics, aerospace subsidiary of General Electric Company of the UK, to supply flight cockpit display equipment for the next generation of US Stealth fighter air-

The deal will make the company only large British supplier for the new US Advanced Tame Fighter Advanced Fighter (ATF) to be built by sconsortium including Lockheed, Boeing and General Dynamics, which was selected by the US

which was salected by the US
Pentagon on Tuesday.
It also comes on the heels of
contract announced yesterday by GEC Avionics to
the primary flight computer
system for Boeing's new widebodied commercial atriner, the Mr Brian Tucker, GEC Avi-

onics managing director, said the potential value of the com-bined ATF and Boeing 777 conover 15 years. He added the 5,000 people, will develop and them led by Lockheed.

250m-£70m for the fighter work and more than £45m for the

Boeing 777.

The US is planning to commission 650 ATFs, expected to decades, which would make it the biggest aerospace contract on record. Boeing has so far the launch orders for the 777 from United Airlines and Nippon Airways. "The ATT be places us on both the next generation US tactical fighter programme and the European programme and the European Fighter Aircraft (EFA) pro-gramme," Mr Tucker said.

The UK company has been contracted to supply display and flight control systems for the EFA and has prime respon-sibility for the European three-nation Tornado military air-craft Legs control system. It also supplies currenter systems for the European Airbus commercial aircraft programme. GEC Avionics, least at Rochester, Kent, in south-east

supply the ATF's pilot's head-up display system, the pilot's side stick controller and the vehicle management sys-tem which includes the com-puter fly-by-wire flight con-trols, hydraulics GEC Avionics has become

the world's largest supplier of head-up display systems, which enable pilots to see at eye level all their flight manocuvres and weapons aiming.
Mr Tucker said the US, the
world's higgest acrospace market, now accounted for about 60 per cent of his company's

To British companies, Smiths Industries and Siddeley, have this month won month won components for the new Boing 777.

On Tuesday, the Pentagon awarded the biggest aerospace contract in history, for the development of the next generation of jet fighter and worth

Suzuki to assemble cars in E Europe

Continued from Page 1 follows moves by General Motors and Ford of the US to set up manufacturing operations in Hungary.

General Motors has formed a joint venture His land, ille Hungarian state-owned maker of trucks, diesel engines, and tractors, to build Opel engines and to assemble Opel with an investment of around \$150m. It has # 67 per and management

It aims to produce up to Opel Kadett/Vauxhall Astra cars and 200,000 engines year at plant at mary thard, it to border. plans an investment of them in wholly owned plant in Szekesfehervar producing ignition coils and fuel pumps Plans by western minutes

are now advanced for moving into Europe, with Volkswagen investing heavily in Czechoslovakia and eastern Germany, and General Motors establishing operations in eastern Germany and Hungary. Fiat is still the dominant force in Poland but GM is also

expected negotiations shortly for an assembly ven-ture in the with the has led western carmakers' in Yugoslavia and the Union. Hungary has granted favourtreatment for the the Suzuki

Yesterday's signing marked the belated end of a six-year gestilling for the venture. Small's instruction on a myest tax holiday had postponed agreement. Analysts also said the delay and the scaling down the Japanese had followed

a change of strategy.

Previously, the company had interded to use Hungary as a base for deliveries to the rest of the region. However, and disintegration of the Com-European countries, Hungary

Gorbachev and Yeltsin agree treaty

Continued from 1 achieved through economic

agreements between the centre programme spells out 10 types of economic agreement to be concluded with the republics, in areas ranging from price liberalisation and privatisation to the formation of the budget.

Mr Yeltsin's spokes-woman sald, however, that she believed the statement would lead to the of round table" talks proposed by the Russian leader.

At the same time, Mr Yeltsin has lent his authority to a call for an end to strikes and for "strict compliance with cur-rent laws": to a "special regime" of work in basic indus-tries; and to a statement which characterised as "intolerable any attempts to attain political ends through incitement to civil disobedience, strikes or calls for the overthrow of the existing lawfully elected state power bodies". It was not last night whether the agreement would succeed in ending World Economic Outlook,

present in authority
over atriking miners in the
Russian Federation. Ilkrainian miners' repre-

sentative in Moscow pointed out that striking miners in the Donbas had "bad salition" with the Ukrainian leadership "even though Russian miners might listen to Yeltsin".

I strike committee spokesman in Minsk said that Belo-russian workers would sun-

tinue to insist that their local demands be met before calling The June committee believes that the whole tragedy lies in the political system and wants the Communist party to go away," said the spokesman. "They are making economic concessions but in Belorussia people understand that these

concessions will not be hon-oured unless there are political Meanwhile, the Soviet army sure in Lithuania when sol-diers took over a building

housing Agro-industrial Bank in capital, Vilnius, despite the man of talks ment and Lithuania, and sies by the Kremlin to resolve all its disputes with the break-republic by

Separately, dockers in the Lithuanian port of Matter ended a two-day strike after management agreed to double their pay.

Although the accord foresees the granting of most favoured nation status for those who

thion treaty, the statement marks a climbdown by the Kremlin which has previously insisted that all republicable and the statement of the stat lies should sign it.
Colonel Viktor Alkanis, co-

chairman of the hardline Soyuz (Union) group which has called for a state of emergency, was considered about the sceptical about the agreement Colonel Alkanis also his opposition to a new union treaty "as a bomb which will destroy the Soviet

the gloom Laura Ashley

300

200

Market value (Em)

Industry surveys

34 87 88 M W

in the core Laura Ashley busi-

desperate to throw money at a

Given the habitual secrecy of ADT's chairman Mr Michael

Ashcroft, it was never to be expected that the company's annual report would give many clues to the real state of its affairs.

Let a confirm what a deplorable muddle ADT

what a deplorable muddle ADT has become. Investor, have every reason to ask why the disposal of ADT's 48 per cent holding in Sachura has given rise to a \$96m write-off, or indeed why there is no suggestion in the principal that the principal there is no real than the principal that the principal that the principal than the principal t

self. Above all, there is no real explanation of why a year which saw the issue of ADT paper to the value of \$355m

saw a horrendous drop of

\$842m in the group's cash

As always, the answer will lie not in the group's operating businesses but in Mr Ash-

croft's dabblings around the

Laura Ashley issue.

ADT

A couple of days ago, the UK chancellor announced that his assessment of the economy would henceforth rely more heavily on anecdotal surveys of consumer and confidence. The latest quarterly survey from the British Chambers of Commerce will have dampened his spirits accordingly. The level of home and export orders is plunging faster than ever, in both manufacturing and services. Expectations on employment and investment are down again, as is capacity tilisation. Against a in business confidence.

in pusiness connected to ficantly, though, it is profitability.

There is room for slight scep-There is from for signt scep-ticism on the findings, since the Chambers of the survey does not have the long history as the the federation of India.

But there is no reason to pose the two will differ cally. If the CRI confirms the nicture in its quarterly survey. picture in its quarterly survey next week, the equity market will have to rethink the timing

economy as a whole.
Equally, the chancellor might be tempted to rethink his views on interest rates. But his views on interest rates. But as luck would have it, sterling is proving a minor with the battle between in the battle between in the battle between in the suffering from market nerves ahead of next month's UK local week, it was the second strongest currency in the ERM after the pesets. It has now fallen to lifth place. There is no real threat from the mooted rise in German interest the meanwhile dropped to second bottom in dropped to second bottom in the system after the French franc. But with sterling now bang in the middle of its divergence range, it is a risky time for UK rates to move aggres-sively the other way.

Laura Ashley

The transformation of Laura Ashley from small family business to closely scrutinised public concern has been a painfully hand affair. However, yesterday's announcement of a second approal loss may prove the nadir of the group's fortunes. Much has been achieved over the last not least the manufacturing plants. Gearing has been the disposal of peripheral assets, the arrival of new Japa-nese capital and impressively

fringe. So far as can be told from an exceptionally opaque flow of funds statement, the operating businesses net of capital expenditure, tax and dividends were broadly cash neutral in the year. The same dabblings doubtless lie behind the drop of almost 20 per cent the drop of almost 20 per cent in the group's net asset value in the year. It would be nice to know what has happened to Mr Ashcroft's salary as a result of all this. Needless to say, in accounts certified by Coopers & Lybrand "in accordance with auditing standards generally accepted in the United Kingdom", we are not told that either. on hils

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Lyonnaise

in the core laura ashiet business, for example, has been slashed by more than a fifth. But there is a long way to go before the group can make the most of its prized asset: an international brand There was some confusion in Paris yesterday about what to a make of last year's FFr1.42501. In the profit from Lyonnaise des Eaux-Dumez, the first set of results since the utilities and construction groups merged their activities in September. A figure close to FFr1.50n had been inrecast in the pro forma profit and loss account. How. which covers an enviable product range. There is still a major marketing challenge to be addressed, notably in cloth-ing, where the image badly needs to be brought up to data. The cost pressures from rents and wages remain intense, the plight of UK retailers is getting profit and loss account. However, lower than expected capital gains as well as a disappointing performance from the Canadian construction materino better, and the company has still to master the art of dealing with third-party supplials group Westburne appear to be responsible for the shortfall Lyonnaise shares slipped FFra The shares - up a panny at 80p yesterday - have risen roughly 50 per cent since late January. At that level, the prospective multiple is more than 20 limit of the prospective multiple is more than 20 limit of the prospective multiple is more than 20 limit of the prospective multiple is more than 20 limit of the prospective multiple is more again controlling crowds desperate to throw money at a to FFr618 on the day, though that may have had as much to do with the forecast that this year's earnings would only advance in line with the likely

At this early stage of the venture, it is difficult to tell whether Mr Jerome Monod's vision of an integrated group solving problems of infrastruc-ture around the world will suc-ceed. He certainly would appear to be getting the upper hand in what many suspected would not turn out to be a marriage of equals, or so the earlier than expected disposal of Dumez's electrical equipment businesses would suggest. That might even point to a Westburne sale as part of the ongoing programms of asset sales, though now is hardly the best time in the cycle to be speeding it along.

French utilities have been beautiful the market by 5 per cent over the last year. But the market's hesitancy is reflected in the fact that its rival, Générale des Générale des Entreprises that much earlier, has outperformed by 10 per cent over the same period.

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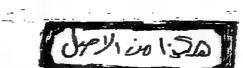
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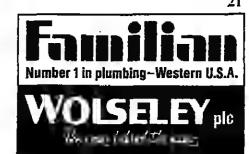
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FINANCIAL TIMES

THE FINANCIAL TIMES LIMITED

Thursday April 25 1991



Saab held

decline at

carmaker

By John Burton in Stockholm

SAAB-SCANIA, the

back by

INSIDE

Exxon hits record \$2.2bn in quarter

Exxon, the biggest oil company, sarnings in the first quarter due in unusually refining margins. Despite halvincome Image exploration production operations, earnings 75 75 24 34 35 24

Pont profits down by 4%



US chemical company, yesterday unvelled slightly ter-than-expected first-quarter earnings due 🖿 strong 📶 Net income per to \$590m strong petroleum prompted a 3

per cent rise in _____ in im_ quarter _____ \$9.7bn. The company's ____ fibres and ______ operations an erosion in earnings.

Rough time for banange

The market banana make taken serious disruption following an earlier this which the Caribbean can be at a Rica and Panama. The earthquake caused extensive damage to roads, railways, ports, water and electricity supplies. About 35 per cent of supplies are bananas originate in the

Sticky situation



The invasion 🔰 🗺 killer nas begun. Texan beekeepers had their ammunition ready limit in war against the Africanised "killer" honeybee - which pursues its prey in swarms of thousands and for dis-Beekeepers will be the hives of the more compliant dimen

tic insect, jeopardiaing was marks \$11m honey Industry. Nancy Dunne reports. Page 11

Brighter prospects in Seoul

iong the sick man of Asign now seems to be over the worst. After a period of decline in the away from lethargy on Tuesday, when the index jumped in 3.6 cent; and yesterday, when turnover climbed from Won142.3bn in period of decline | | away from Won180bn, investors were reveiling in sublitity in a profit. Back Page

Austin Reed falls 48%



Austin had the clothlast we hit by a lead of murham and by the "white-collar" recession in south-east England. Present profits fell 48 per the brand since Tay Barry Reed (left) chairman, grandson of the founder, will a limit

member for years said the start to the current year had been the

Market Statistics FT-A indices FT int bond svca Financial futures Foreign exchanges

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Landon tradit options
Managed fund service
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LIK dividends remormed

Fiat First Charlotte

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Companies in 📂 🖛

Angio Inv Aran Energy Austin Reed Black & Decker

Montedison Oliver Resources Partridge Fine Arts Procter & Gamble Renault

22 Wang 28 World of Leather 24 lyonnaise des Eaux

Chief price changes yesterday FRANKFURT (DM) Billing Borp 91b
Brown Boverl 274.8 + 7.8 Fr
Floatio
AG Ind & Vark 810 - 13.5 7
Linolypa 505.5 - 14.5
Auel 705 - 15 TOKYO (Yen) Mass. Am 7 & T 1290 850

ECC Rosk
Jessups
Legal & Gen
Partridge F.A.
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COMPANIES & MARKETS

Olivetti halts payout as profits fall

OLIVETTI, the Italian computers and office equipment group, suf-fered a severe fall in net profits last year to L60.4bn (\$46.3m) from L202.8bn in 1989. It is suspending in dividend on in ordinary

The fall in profits, in line with the forecast made by Mr Carlo De Benedetti, Olivetti's chairman, earlier this year, mind sures facing Europe's computer manufacturers.

The company blamed currency factors and a there fall in demand in Europe and the US for the decline in earnings. It said it would pay a dividend of L70 and L125 a share on its preference and savings shares, respectively. Olivetti is obliged to pay a mini-mum 12.5 per cant return on the L1,000 nominal value of its savings shares.

Mr Vittorio Cassoni, Illinois managing director, said sales in the first four months of this year were down I per cent compared with the same period in 1990. Turnover last year was L9,037bn against L9,031bn in 1969.

by L101 to L3,769 at yesterday's Milan fixing, which took place the results were announced. Savings shares announced. Savings shares declined L65 to L2,780.

Mr Albert Alonzo, an Italian market analyst at Nomura, the profits fall was in line with expectations, while price had already discounted the earnings announcement.

"There's no room for a divi-dend you're asking financial support from the gov-ernment, he said. Earlier this

Pre-tax profits

early retirement involving 7,000

The restructuring costs for the layoffs resulted in a net extraordinary charge of L50bn against Olivetti's 1990 pre-tax profits, which fell to L124bn from L355bn Analysts lalless Ollesta has

had some flexibility in account-ing for its job reduction pro-

Chromosophic Company of the 1281 of 1282

1983 Brian Beazer appointed chairman and chief executive

Jan 1986 wins control of French

for Gifford Hill, US cement group.

Sep 1986 makes £190m agreed offer

Kier, UK contractors for £143m

has absorbed the full cost on the 1990 accounts. Olivetti said sales, administrative and general costs last year had been kept in line with for 1969. Nevertheless, net indebtedness surged L744.5bn from L406.6bn in 1989. Prospects for the current year would wovershadowed by increasingly unpredictable and uncertain market conditions, according to Mr De Benedetti. "In this uncertain context, it is

vehicle and aerospace group, yes-terday reported a 47 per cent fall in first-quarter profits after financial items to SKr267m necessary to reduce structural costs and to rationalise production activities", he said. (\$44m) due to mounting los for Saab Automobile. Saab-Scania, recently bought

out by the investment group con-trolled by the Wallenberg family, predicted that earnings for the year would be lower than the 1990 result of SKr2.2bn. Group sales slipped 6 per cent to SKr6.94bn, primarily due to the Scania track division suffer-

ing a 10 per cent fall in sales to SKr5.4bn. Losses at Saab Automobile, the

Losses at Saab Automobile, the 50/50 joint venture with General Motors, increased 52 per cent to SKr1.01bn during the period. This reduced profits for Saab-Scania by SKr506m.

Excluding Automobile, profits for the remain of Saab-Scania totaled SKr764m,

6 per cent fall from last year. Saab Automobile reported a 16 cent fall woolume sales to 20,800 vehicles, with demand mainly in the Nordic region. Sales declined 18 per cent to SKr3.36bn. Sales for Saab Automobile are not consolidated in Saab-Scania result

In Saab-Scania result.

Saab-Scania and General

Motors are discussing an injection of capital into Saab Automobile. A review of the troubled
company's capital structure will
be completed by the end of June
and a decision will then be made
whether additional funds are
presented to complete its retiremalia. needed to complete its rationalis

ation programma. No forecast was offered yester-day for Saab Automobile's 1991 profits. It was noted that retionalisation measures during 1990 did not affect the results for the first quarter, but their impact

Earnings for 1991 are expected to exceed last year's SKr111m.

Combitech, the defence technology division, reported unchanged earnings, although sales rose 38 per cent to

Dividing the House of Beazer

Andrew Taylor reports on how the group plans to reduce its US debt

r Brian Beazer has been characterised as an empire builder who turned a small family housebuilding operation into a large international business and mortgaged the company to pay for it. This week the 55-year-old chairman and chief executive of

Beazer construction group pro-posed to sail off some of the famlly silver to reduce the group's large debts - the result of its free spending on acquisitions. On Tuesday Beazer announced plans to float off its UK house-building, contracting and property businesses. It would then sell up to half the shares in the new company, raising up to \$250m states in the process.

Beaz and in the process.

Beaz and in last owning a large US aggregate, coment and concrete business, as well as a bare majority interest in a separately quoted company holding its UK and other European constations.

The funds would be used to reduce the group's large US bor-rowings, most of which were raised to support the \$1.7bn cement and business

Mr Beazer put a brave face on

things yesterday: "Our primary duty is to maximise the return for our shareholders. We believe our proposals will do that and mis cash at the man time." They mean, however, that building transatlantic business, based property and contracting in the

UK and building materials in the US, has come off the rails. No matter what gloss the directors put on the proposal, they would not be planning it unless they had been forced to do so by an overriding need to raise cash and reduce the strain on Beazer's bal-

ance sheet.

The group's last annual accounts, for the year to June 30 1990, showed net debts of £880.5m, compared with shareholders' funds of just over £15m. Debt has fallen since then. However, interest requirements of £45m. ever, interest payments of 240m during the six months to the end of December were only twice cov-ered by operating profits of £80m. Interest cover could reduce fur-ther during the six months to June 30, the and of Beazer's financial year. Other UK house-builders have warned that profits will fall steeply during the first six months of this year. Profits in the US may also have declined.

Beazer has had a meteoric rise. It has grown from a Bath-based housebuilder with turnover of less than £30m in 1979 into a mulgath. Beazer is Britain's fourth-largest housebuilder and the sec-ond-largest aggregates producer in the US.

It achieved this status through a rapid series of acquisitions, financed in the mid-1980s through the issue of large of Beazer paper. Between 1983 - when Brian Beazer became chairman and

number of shares issued by the company rose from 12m to 300m. By the mid-1980s investors had become disenchanted with the amount of paper being issued. A £183m rights issue by Beazer in the autumn of 1936, to support the acquisition of Gifford Bill, the US cement group, was less than three-quarters subscribed. Beazer had little choice, therefore, but to finance the purchase of Koppers through debt - ini-tially in partnership with a con-sorthum of bankers led by Shearson Lehman of the US and

National Westminster of the UK. azer bought out to its own balance sheet.

Borrowings remain uncomfortably high, despite the sale of the Koppers chemicals business and recent joint ventures and disposals of some of the Gifford Hill cement businesses. The group has forecast that net debt will have fallen to about £750m by the and of June — which would still be equivalent to about three-quarters of shareholders' funds.

The group's options to reduce borrowings are constrained. It is doubtful whether a rights issue could succeed given the company's current financial position. UK shareholders – familiar with the company's previous record on issuing paper – might be rainctant to support such a move. There would also be technical difficulties in calling on support ficulties in calling on support from US investors, who account for between 40 per cent and 50 per cent and 80 per cent and 80

he alternatives, therefore, are to sell hard assets in weak construction markets in both the UK and US, or to the group's main businesses.

A year ago Beazer raised the prospect of floating off parts of its US operations, including Koppers. This idea has clearly been found wanting. For a start, the group would be trying to sell a stake in a business with large amounts of debt. The UK operations, by comparison, are currently very lightly borrowed. A price for Koppers might also

be reduced by fears of possible future claims for environmental damage. The claims could arise from Koppers' former ownership of the chemical business for which Beazer has already made provisions of £300m. The sale of a stake in the UK

Brian Beazer

for Koppera. Price later raised

Apr 1991 Beazer proposes to

float off UK business and self half the shares to raise 2250m

The sale of a stake in the UK business is probably the least worst option considering that the group needs badly to reduce its debts. A sale only to existing shareholders would be the equivalent of a result of company to new shareholders.

There is also merit in the argument that the current market share price yesterday fell from the year's high of 185p to 178p substantially understates the value of the group's assets. There has never been any criticism of the underlying quality of the businesses bought by Beazer.

The problem has been that the company has been unable to deliver the returns necessary to justify the level of debt raised to

first quarter, but their impact will be increasingly felt during the remainder of the Earnings for the Earnings and Figure was not released. The group predicted that Scania profits for the year would be below last year's result of Earning Wohman sales for trucks and

Volume sales for trucks and buses fell ■ per cent to 7,800 space division, however, increased, with a 17 per cent rise in sales to SKr1.18hn as orders Suab 2000 commuter aircraft.

Zenith losses rise to \$23m as sales drop in quarter

By Barbara Durr in Chicago

ZENITH ELECTRONICS, the US company competing for a share of the high-definition television market, yesterday unveiled a eper first-quarter loss and a

fall in sales.

Zenith, beset by a proxy battle. reported a first-quarter net loss of \$23.7m, or 85 cents per share, against a loss of \$4m, or 15 cents per share, in the same period a

Mr Jerry Pearlman, Zenith's chairman, said the first-quarter results were "unsatisfactory," but to be expected in the recession. He forecast no change during the first half of 1991. News of the loss was not expected to help Zenith fight a proxy

contest by Nycor to replace three company-related proxy vote result from yester-day's annual meeting was not Nycor, a holding company spun off from Fedders, the air-conditioner maker, holds 8.2 per

cent of Zenith's shares, It charges that the company, controlled by the Giordano family of New Jersey, has no plan to end losses in umer electronics.

Zenith has responded that the Giordanos, with only low-technology experience, do not understand the long-term, high-tech strategy of the company, which is engaged in a race for the estimated \$80bn market for high-definition television (HDTV). Zenith may have undermined

Nycor's arguments about weak ness in consumer electronics with its sale for \$15m in March of a near 5 per cent stake of the company's shares to Goldstar South Korea's largest consumer electronics maker.

Goldstar wanted access to the US company's high technology.
The two are exploring agreements on distribution and manufacturing that could help Zenith with its colour televisions, video players and electronics.

share, Zenith's first-quarter sales fell 15 per cent to \$304m from \$356m last year. Sales volume fell, and prices declined in the weak US economy. Planned inventory cuts, and increased investment in high-definition investment in high-definition systems boosted the loss.

Despite some gain in market

Although the company trimmed costs by \$18m in the first quarter, high-definition systems need increased outlays. Zenith is co-operating with

AT&T against several developers of HDTV to be selected by the US Federal Communications Commission as the HDTV standard in the second quarter of 1993. Its HDTV investments rose

more than \$3m during the first quarter, against less than \$2m last year, and 1991 investments in Zenith's flat tension mask - a large screen, high-resolution dis-play - are expected to exceed \$15m.

Maxwell warns on 1990 results

By Alice Rawsthorn In London

MAXWELL Communication Corporation, the media conglom-erate founded by the flamboyant newspaper publisher, Mr Robert Maxwell, yesterday issued a prof-

its warning to investors. The warning, which was included in a shareholders' circular on the sale of Pergamon Press, the scientific publishing company, comes at an eventful time even by the standards of the ebullient Mr Maxwell.

Last week the controversial iblisher launched a lavish marketing campaign for the forth-coming £500m (\$845m) stock mar-ket flotation Mirror Group Newspapers - of which he is chairman. Last month he announced he was relinquishing the role of chairman of MCC to concentrate on the relaunch of the New York Daily News, the ailing US tabloid newspaper which he rescued earlier this

MCC has warned investors that profits for the last financial year to March 31 would be lower than in the previous year when it made pre-tax profits of £172.3m on turnover of £1.24bn

The group attributed the fall in profits to its unexpectedly slow progress in making disposals.

MCC has been trying to reduce
its debt through the disposal programme. This has been hindered
by the impact of the US and UK economic recessions on the inter-national publishing industry.

MCC had originally hoped to reduce its debt by \$750m by the

However, it said the "present eco-nomic climate" was "not conducive to significant disposals of media businesses". It added that it had refused to make disposals at "other than satisfactory

The group recently succeeded in selling Pergamon – the heart of Mr Maxwell's original business which is based in the grounds of his Oxford home - to Elsevier, the Dutch publishing group, for £446m. However, that sale came too late to affect its 1990-91 results and will be included in MCC's interim results. MCC said it was "confident ill a strong profit performance" from its companies in the current financial

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neni

Eni posts net profits of L2,072bn after sales rise

ENI, the Italian state-owned energy and chemicals group, made consolidated net profits of L2,072bn (\$1.61bn) for 1990 compared with L1,613bn in 1989. Sales rose to L50,033bn from L36,470bn.

However, the increase in last year's net earnings is a mere 0.8 per cent when adjusted for the full ownership of Enimont, the former public-prime chemicals joint venture. Eni hought Montedison's 40 per cent stake in Enimont last

November, and has since ten-dered for the remaining 20 per cent of the shares floating in

Restated for the full consoli-of Enimont's figures, net earnings in 1969 amounted to L2,057bn. Similarly, sales in 1989 were L44,503bu, meaning

per cent in 1990 on an adjusted

Mr Gabriele Cagliari, Eni's chairman, said a good performance in the group's energy sector last year had offset poorer results elsewhere, nota-

Plans for the current year include a substantial rise in investment, especially on the energy side. While higher busi-ness volumes could offset lower margins in the oil sector in 1991, he warned that higher taxes and borrowing costs meant that group profits this year could fall.

Taxation jumped by L244hn to L1,061bn in 1990. Adjusted net borrowing went up by L4,047bm to L23,735bm, largely to finance the purchase of the

that turnover rose by only 12.4 Montedison's Enimont stake and for increased borrowing by the chemicals group, which has now been renamed Eni-chem. Overall borrowing at other Eni subsidiaries fell

slightly.

Mr Cagliari said net profits from energy-related activities rose by LL182hn to L2,651hn in 1990, thanks to higher oil production and prices and increased natural gas sales.

Chamicals consolidated for

Chemicals, consolidated for full ownership of Enimont, made profits of Lithm, against L258hn. Earnings were affected by the depressed international market, and particularly by the drop in demand for bulk chem-icals in Italy. Eni's machinery manufactur

ing and engineering subsidiaries lost L193bn last year.

Laura Ashley loss grows to £6.7m

its Penhaligon, Bryants, San-dringham Leather and Hel-

mond Printworks businesses,

and cutting overheads. It also announced a trading link with Aeon Group which

By John Thornhill in London

LAURA Ashley, the fashion and furnishings group, yester-day announced steepening pre-tax losses to £6.67m (\$11.27m) in the year to January 26, from

However, Mr Mike Smith, acting chief executive, said the company had achieved its main objective of strengthen-ing its balance sheet. "This was a year of restructuring, rather than profit," he said. Rarlier in the year the company was involved in a refinan-

retailer taking a stake.

The rationalisation cut borrowings to £23m from £87m, reducing gearing to 25 per cent from 119 per cent. Disposals 38 per cent. Sales rose 10 per cent to

cing. It later restructured by closing seven factories and its Units retailing chain, selling an increased interest charge of

£12.44m, against £8.64m, eroded

Turnover in the UK grew to \$143.6m from £142.6m, although the overall figure concealed a 4.1 per cent decline in like-for-like sales. Home fur-⊈143.6m nishing sales remained flat because of the depressed hous-ing market and garment sales fell as the recession bit. North American outlets increased their sales contribu-

tion to £136.2m from £117.2m. Sales in continental Europe were also strongly ahead at \$40.7m, against \$28.6m. Lex, Page 20

Activity comes to a halt on USM

FOR first time in more than 10 years, not one company chose to raise funds by joining the UK Unlisted Securities Market during the first quarter.

auring the first quarter.

The drying up of activity is revealed in new issue statistics published yesterday by accountants KPMG Peat Marwick McLintock. KPMG monitors new issues on both the USM and the stock exchange's official list.

New issue activity on both

depressed during the quarter, largely due to the UK recession and uncertainties provoked by the Gulf war.

The statistics also revealed a new low in the steady, steep decline of companies seeking a USM quotation. The junior market, founded in November 1980, was once a bustling arens for the small and growing com-

total of 240m worth of new

money, down from 87 raising 2303m in Some followers of the USM

are concerned that its relative decline will continue, even when investor appetite for new issues improves. Changes in stock exchange regulations have made it easier for compa-mes to go straight to the offi-cial list.

KPMG said the USM last year suffered a net shrinkage as 29 of its constituents moved

Volvo chief warns of '

By Robert Taylor in Gothenburg

'difficult

two years'

VOLVO, the Swedish auto group, is facing "two extremely difficult years" as severe competition and depressed margins in its key markets of the US, Britain and Sweden take their toll, Mr Christer Zetterberg, chief executive, said yesterday.

The company, the largest in Scandinavia, also announced its first joint project with Ren-ault, the French auto group, with which it formed a strategic allegiance last year. The agreement covers the manu-facture and delivery of car-

engines.
Volvo's policy is not to give financial forecasts. However, Mr Zetterberg's gloom at the annual shareholders' meeting

annual shareholders' meeting suggests the company faces difficult times as it struggles to recover from problems that resulted in SKr1.03bn (\$166m) loss last year.

He disclosed the company was set to reduce its costs by a further SKr2bn next year after this year's SKr3bn savings through rationalisation and efficiency improvements. efficiency improvements, mainly in car production. This will involve a 7,900 cut in jobs from the company's 68,900-strong workforce by the third quarter of 1992. Some 5,000 of these will be in Sweden, where

an estimated 69 per cent of Volvo's employees work. Mr Zetterberg stressed that Volvo had enough financial resources to cushion itself against adversity. He said its stock portfolio was worth more than SKr25bn – SKr19bn more Volvo's acquisition value.

promises be the first of many joint projects between the two companies. It covers deliveries of gasoline powere car engines from Volvo to Ren-ault from the beginning of 1993. Deliveries during the first period will be valued at SKr2.5bn. In return, Volvo cars are to be equipped with diesel engines supplied by Rensult.

New calculations sugges that co-operation with Renault could save Volvo more than SKr800m a year for the next

Alcatel Alsthom chief attacks Brussels

ALCATEL Alsthom, a partner in the first merger to attract a European Commission inquiry under its new powers to vet cross-border deals, yesterday accused the Brussels authorities of discriminating against European Justinesses. European businesses.

Mr Pierre Suard, chairman
of the French telecommunica-

tions, transport and energy company, said the strict conditions demanded by Brussels for his company's wide-ranging alliance with Flat, the Italian automotive group, created "a strong distorting element" in his markets.

"Today, it is harder for a European company to buy another one than it is for a non-European company to buy into Europe," said Mr Suard. The Commission was in danger of turning the European single market into "a shifting marsh, open to all currents, with the two economic citadels of the US and Japan standing on US and Japan standing on either side," he said. The link-up between Alcatel

Alsthom and Fiat, one of Burope's higgest cross-border deals to date, was announced in October. It was the first deal to attract a full Commission inquiry under its six-month-old merger control regulation. As such, it makes a discouraging stich, it makes a discouraging test case for the way in which the Commission can be ted to use power. Mr Suard. The French com-pany will do its best to satisfy the Commission's demands, but Mr Suard gave no guaran-tee that he wend complex with tee that he would comply with all of them. This is among several delays experienced by the complex deal, Mr Suard revealed yesterday. Alcatel Alsthom and Flat have agreed

William Dawkins finds Mr Pierre Suard (right) prepared to defy the European Commission over its conditions on his company's link-up with Italian vehicle group Fiat

to positione another part of the accord, under which the French partner would take control of Flat's rail equipment division, because they cannot agree on price. Nevertheless, Mr Suard emphasised that he was satisfied with the general progress of the link-up.

The main part of the complex deal, which came into effect a few weeks ago -delayed six months by the Commission inquiry, says Mr Suard — gives Alcatel, the French group's telecommunica-tions unit, control of Teletira, Fiat's telecommunications

Fist, meanwhile, is waiting to take control of Alcatel Alsthom's car batteries busi-Alsthom's car batteries business, once the Commission has pronounced on the impact on the French market. Finally, the pair have agreed to exchange share stakes, with Fist taking 6 per cent of Alcatel Alsthom and the French partner taking 3 per cent of Flat.

What worried the Commission about the telecommunications part of the accord was that Alcatel and Telettra's Spanish subsidiaries together hold 80 per cent of the Spanish market for transmission equipment. Alcatel is the European Community's largest supplier of telecommunications equipment, with 29 per cent of the market

The Alcatel-Telettra merge could only be allowed, said the Commission, if they broke their shareholding links with Telefonica, the Spanish telephone operator, which, like some of its equivalents around the world, likes to keep minor-ity stakes in its main suppliers. The aim is to curb any temptation for Telefonica to give Alcatel and Telettra special

Mr Suard said he was happy to buy Telefonica's shares in Telettra's Italian and Spanish subsidiary, since that was part of the original Flat agreement.

However he was less than keen on the Commission's demand that Akatel buy back the 21.14 per cent stake that Telefonica holds in the French group's Spanish subsidiary.
"We are negotiating in good faith to do so, but we can only

do it if the purchase conditions are acceptable to us," he said. "If we cannot agree the nrice, there will be no acquisi-tion," said Mr Spard. Alcatel Alsthom will not indicate what that price might be, though Telefonica's hooks value its stakes in Alcatel Standard Electrica — the French group's Spanish offshoot — and Telet-tra Espanola at Pta4.4bn (\$40.5m). Telefonica is likely to argue that this is a fraction of their real value. Mr Suard found the require-

ment to buy back Telefonica's stake in Alcatel's Spanish unit all the more surprising given hold shares in the local subsidiaries of Ericsson, the Swedish telecommunications group, and AT&T of the US, both competitors of Alcabel, without being challenged by Brussels.

"We are all in favour of com-

petition, but it must be bal-anced." said Mr Suard, normally known for his liberal economic views.

"Applying this requirement only to Alcatel sets up a strong distortion in the single mar-

Mr Suard does not plan in contest the decision. However, his outburst does show that France's general unesse over ation of EC competition policy has spilled over-from the traditional wrangling over state subsidies into a new area for dispute; mergers.

AGF sees increase of 5%

France (AGF), the country's second largest state-owned insurer, shrugged off losses on its international activities last year to produce a 5 per cent overall net profits increase, writes William Pawkins. writes William Dawkins.

AGF's net earnings rose in line with forecasts to FFr2.7bn (3461m) from FFr2.57bn in 1989. on turnover up by 20 per cent over the same period, to FFr46.03bn from FFr38.23bn, the group said yesterday. Half of the turnover growth came from acquisitions.

Group investment income rose to FFr9.18bn from FFr7.67bn, while profits on Fri3.37bn from Ffri2.45bn.
Life insurance produced an 8.8 per cent rise in sales to Ffri5.9bn, with growth mainly coming from savings and retirement contracts. Profits on AGF's life This rose by African contracts. on AGF's life The last rose by
4.6 per cent to FFT1.5bn net.
AGF's international division
saw its turnover rise by 54 per
FFT11.2bn from
FFT7.2bn, within which 38 per
cent came from new acquisitions including NEM in
Britain, ICI in Ireland and l'Escent, a Belgian insurer.

caut, a Belgian insurer.
AGF's reinsurance bu

French group advances

LYONNAISE des Eaux-Dumez, the newly-formed French water distribution and construction combine, reported increased turnover and profits for 1990, writes William Dawkins.

The group turned in net profits of FFri.42bn (\$230m) last year, slightly below the FFri.48bn forecast by the Lyomaise des Eaux water distribution group and the Dumes construction company at the time of their merger in July. The result is a 128 per cent

increase on the combined earnings in the previous year, on a 18.4 per cent increase in proforma turnover to FFr72bn. Earnings per share rose 17.6

Mr Guy de Panafieu, group administrator and managing director, forecast that turnov would rise by between 5 and 10

per cent this year.

The former Lyonnaise des
Eaux contributed FF1996m to net profits, well above forecast, while the old Dumez came in FFr101m below forecast with FFr529m, due to a collapse in earnings at United Westburns, its Canadian building materials als and electrical equipme distribution subsidiary.

The new group's water and municipal services division contributed FFr1.42hn profit.



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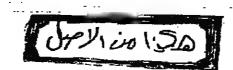
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INTERNATIONAL COMPANIES AND FINANCE

ACIL sells 6.6% stake in Nine Network

By Kevin Brown in Sydney

AUSTRALIAN Consolidated Investments (ACIL), formerly Bell Resources, yesterday sold a 6.6 per cent stake in Mr Kerry Packer's Nine Network for \$550m (US\$42.3m), cutting its holding to around 15 per cent.

The sale conflicted with an undertaking given to the Australian Stock Exchange in February that ACIL had no plans to reduce its shareholding in Nine Network, formerly part of Mr Alan Bond's Bond Media.

Media.

However, ACIL is understood to have decided to reduce its stake to help fund its acquisition of 50 per cent of National Brewing Holdings, formerly Bond Brewing.

Bond Brewing was sold to a joint venture between ACIL and Lion Nathan, the New Zealand brewer, as part of a sale of the assets of Bond Corporation, Mr Bond's flagship company, which is being restructured.

ACIL had hoped to finance

ACIL had hoped to finance payments due to Lion Natham as part of the deal without reducing its holding in Nine, but recently reported an interim of

Mr Colin Henson, ACIL director, said the proceeds Mine Network would be used for "internal funding require-ments," but declined to give details.

to dispose of the rest of ACIL's holding in the Nine Network, which was regarded as "a

long-term investment". Sbares in the Nine Network have doubled in value since the company was acquired eight months ago by Consoli-dated Press Holdings (Conspress), Mr Packer's privately-owned master company. The shares closed 2 cents

higher on the day at 58 cents on the Australian Stock Exchange yesterday. ACIL shares closed 1 cent higher at

Conspress, which has a con-trolling 38.8 per cent stake in Mine Network, has also given an undertaking to the stock exchange that it has no plans to reduce its holding.

Inter-Continental Hotels takes a long view

Stefan Wagstyl reports on Saison Group's plans for the 102-unit chain

HEN Group,
the Japanese
and leisure combine,
bought Inter-Continental
Hotels in 1988, critics the
\$2.3bn purchase too

On paper, they have a point. Over the past two years, inter-Continental has failed to cover its financing costs, losing \$60m in 1989 and running some \$7m

in 1989 and running some \$7m into the red last year.

But the company points cut that its projections made at the time of the purchase overtaken by rising world interest rates and, more recently, by the impact of the Gulf cris.

Mr Yuji Takaoka, chairman of Seiyu, the trading company at the core of the Saison group, insists that Inter-Continental's performance is satisfactory. He

performance is satisfactory. He draws attention to the hotel chain's operating profits which grew 20 per cent last year to

Mr Takaoka expects the investment to pay off in the long run. "For the first few years we have not set a prime goal of making profits. Of course, we don't want to see red ink. But rather than just

red ink. But rather than just achieve a big profit we want to develop a good network."

Mr Takaoka denies suggestions that the Salson group's finances are being stretched by the acquisition which was funded with bank borrowings



The London Inter-Continental will be refurbished if the Mayfair Hotel is sold

totalling than \$1.2bn. "Inter-Continental is not a burden." he adding that the make ure-tax profit in U Group, La until be call until

best-know companies in Japan, with a portfolio of high-profile businesses and a colour-ful corporate history.

The group is a network of 130 companies, in luding

The publicly quoted ranging to Department Stores, Japan's biggest chain, is all copters, hanking and travel. It is controlled by Mr Setji Taut-

capital spending. This year alone, Autolatina will invest

sumi, whose brother Mr Yoshlaki Tsutsumi has an even larger business empire based on railways. The two men, who inherited their fortunes from their father, are said to be hit-

Mr Takaoka says Saison companies are managed inde-pendently but co-operate on large projects such as the pur-chase of Inter-Continental. The bulk of the finance for the deal was raised by the group's listed companies. Mr Takaoka concedes the

CRA forecasts

increase in interest rates made the Japanese financial markets "very tight" so expensive expected to finance the purchase. Saison

group originally replace its bank lending with long-term funds. But the difficulty of using the capital mar-kets obliged the group last year to extend its bank loans.

this arrangement also forced Saison group to revise its plans for Inter-Continental to squeeze more profits out of the operation in the next few years. According to Diamond Weekly, a husiness magazine, this will include more property sales than originally planned, among them the dis-posal of the Mayfair, in central London, one of Inter-Continen-tal's top hotels.

Mr Takaoka says financial projections have been revised but not by very much. He declines to give figures. Also, far from selling hotels, Saison group has expanded the Inter-Continental chain from 95 in 1988 to 102, plus nine proper-ties under construction. If notels are sold in future it will be to streamline the chain, not

anka says the group is only considering selling it because a "very old friend" has offered to buy it. If the Mayfair is sold, it would allow the London Inter-Continental Hotel to be refur-

Mr Takaoka says that the disposals the group has made also show that critics are wrong in claiming the original purchase price was too high. He says top-class hotel rooms in the US are now trading at \$0.4m-\$0.5m each, compared with an average of \$0.2m paid for Inter-Continental Hotels.

The group wants inter-Conti-nental to be a "European-style" chain, with a greater emphasis on individuality and personal service than is apparent in large US-owned chains,

chain will in h developed Japan, starting with opening Continental in Yokohama in July.

pany expects a marginal

Y4.87 ■ ■ Table

• Life Stores, another super-

market operator, reported an 8.6 per cent increase in sales to YISESDn and a 15.3 per cent rise in pre-tax profit at Y3.8bn.

The company expects pre-tax profit for this year to increase by 5 per cent to Y4hn on sales of Y175bn, a 10.4 per cent

ASCII Pictures, a subsidiary of computer Japanese software

and chip manufacturer ASCII

Corporation, has reached an agreement with Edward R.

right of the shurcholders,
the issue of bonds with show application forms with shelining of the profession right of the shurcholders, As for the Mayfair, which might be worth \$400m, Mr Takrary consistence, regardances as the purpose of popus weight he practing or may appoint a pracy to legally represent him and vote on his behalf.
However, only bondholders who have deposited their bonds five days at least before the
meaning, at either the Head Office of the Company, 28 me finish Ménier, Paris 16, or
CREDIT COMMERCIAL DE PEANCE, 144 avenue des Champs-Riyséns, Paris 8, or
of the following header:

ons of the following banks:

- KREDIETRANK S.A. - 7 me d'Aconberg - B 1000 BRUXELLES

- KREDIETBANK S.A. LUXEMBOURGEOISE - 43 benjavant Royal ET FINWORT BENSON LIMITED - 20 Feschard: Street - LONDON ECIP 305

SWISS BANK CORPORATION - Apachogyonstack 4 BALE may strend the meeting or appoint a printy to stlend for them. They will be in recommy admiration card and/or proxy form.

The text of the machations as well as all the documents which will be meeting will be held, as acquired by law, at the Head Office of the Composition of the Composition of the Composition of the Composition of the Composi

LAFARGE COPPEE

SIRET 542 105 572 00011 TO HOLDERS OF CONVERTIBLE BONDS

1988/1997 NOTICE OF MEETING

NOTICE IS HEREBY CIVEN to holders of convertible bonds 6'4% 1988/1997 of FF? 10.000 nominal each that an ordinary meeting of the General Assembly has been convened for Monday, 13th May 1991 at 9 a.m. at the offices of CREDIT COMMERCIAL DE FRANCE, 144 avenue dos Champo-Elysofs, PARIS 5 France, for

the following purposes: Approval of their performatial subscription right decided by the Eutracelinery General Mosting of the shumbolders of LAFARGE COPPEE to be held on May, 23 1991 on the occasion of the authorizations given to the Board of Directors to carry out:

the increase of the capital stock by issue of investment conficence with abelition of the perferential subscription right of the star-vholders

the issue of bonds conventible into shares with abelition of the preferential subscript

A French Limited Company
on Authorized Capital of FFr 1.338.380.075
and Office 28 me Emile Ménier, Paris 16
RCS PARIS B 542.105 572

BOARD OF DERECTORS

April, 1991

PolyGram N.V. **DIVIDEND 1990**

of PolyGram IIV held ... April 1991 a dividend ... cash for the financial year 1990 has been declared of 0.50 Netherlands guilders per share on the company's outstanding common shares of 0.50 Netherlands

The dividend for holders of bearer shares will be payable as of 8 May IIII on delivery of III dividend coupon Number 1; payment subject of 25 per withholding tax. The dividend coupon Number 1 is payable at the Amsterdam-Rotterdam Bank N.V., Herengracht 597, Amsterdam, The

Holders of CF certificates are entitled to the dividend providing that they have deposited their dividend sheets by the CF closing date of 23 April 1991 with a custodian affiliated to the Centrum voor Fondsenadministratie B.V.: payment is subject in the subject in

The dividend for shareholders on the company's register in Baarn as 23 April 1991 will be wired on 8 May 1991 to the shareholders concerned, after deduction of 25 per cent Netherlands withholding tax.

The dividend for shareholders on the company's register in New York as at 30 April 1991 will be payable on 17 May 1991. Shareholders will receive advice by mail regarding payment and withholding tex arrangements.

PolyGram

Autolatina blames state and strikes for 75% fall

By Victoria Griffith in an Paulo

AUTOLATINA, the Brazilian 10 mm in 1 the year. The company halted production for marques, month is in the second s blamed state measures a a crippling mate for inflation-adjusted 75 per cent fall in net profits for last year. Net profits dipped to 11.6bn

cruzeiros () which represents just 3.5 per cent of sales. In 1989, the group's return on sales was 15 per cent. The numbers reflect the

of Volkswagen for the first 11 months of the year and include the December profits of Ford, following the

group's merger.

According to production capacity was down to 60 per cent with the group operating for little more than

lower profits By Karrin Brown CRA, the Australian mining

CRA, the Australian mining group, will report lower profits this year because a weak male prices and mack world demand, Mr John Ralph, chairman, said vesterday.

Mr Fall and profits earnings would be lower "but not by much," and stressed that forecasts were dependent on movements in metals prices and the strength of the Austra-DANK I WINCHEST CHEMIC were put into effect last year. Subsequently strikes, both at

suppliers of parts, further interrupted products As well as sending profits into steep decline, the difficult economic situation has pushed and the strength of the Austraian dollar.

CRA, which is 49 per cent own by RTZ of the UK, reported profits of A\$472m (\$365m) year, compared with A\$648m in 1969. Autolatina heavily into debt. All the end of in ingroup's ratio of liabilities to net worth ratio had risen to 78 per cent.
However, despite its financial troubles, the group plans to push ahead with substantial

Mr Raiph said he was confident that CRA's heriil A\$435m bid for Coal and Industries (CAIL) would suc-

Demand for fresh food lifts Tokyu stores 7.4%

TORYU chain, part of Japan's Tokyu retail and railgroup, yesterday reported a 7.4 per cent increase in pre-tax profit to Y4.77bm (\$34.31m) in the year ended February 1991, citing strong demand for fresh food items as the reason

Sales increased by 6 per cent to Y256.85bn, with a 9.6 per cent rise in fresh food sales and a 0.6 per cent increase in clothing sales, which were affected by an unusually warm

The company said profit margins were improved by a streamlining of stock control, but higher interest rates increased payment burdens. For the current year, the com-

Pressman Film Corporation, based in Studio City, Calif-ornia, to buy 33.3 per cent of Pressman's shares for \$7.5m.

International Financial Services Poland

A joint-venture company established by the partners listed below for the purpose of providing advice III Polish and international companies in man of privatization, joint ventures and new ventures in Poland.

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April 1991

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JOSEPH PATRICK CONSIDERE and RICHARD Churchill House, Churchill Way, Cardiff, CF1 4303

CLUBS

SP CO-OPERATIVE BANK P.L.C.

£75,000,000

Subordinated Floating Rate 1444 2000

Holders of Floating Rate Notes of the above issue are hereby notified that for the interest period from 24th April, 1991 24th July, 1111 111 following information will each. information will apply.

1. The of Literal

Liberario Amount payable on Internal

Payment Date: Per £5,000 nominal or Pir (SS)/IPI nominal

per annum

Ethi: July, 1281

Interest Payment Date:

Agent Bank Bank of America International Limited

3,500,000 Shares



Common Stock

1,000,000 Shares

Daiwa Europe Limited

PaineWebber International

Dresdner Bank

Nomura International

Swiss Bank Corporation

Paribas Capital Markets Group

ABN AMRO

NM Rothschild & Sons Limited

J. Henry Schroder Wagg & Co. Limited

2,500,000 Shares

This purplies of the offering was offered outside the United States and Canada.

PaineWebber Incorporated

Bear, Stearns & Co. Inc. Donaldson, Lufkin & Jenrette Deutsche Bank Capital A. G. Edwards & Sons, Inc. Dillon, Read Co. Inc. Lazard Frères Co.

First Equity Corporation

Needham & Company, Inc.

Lehman Brothers Nomura Securities International, Inc. Prudential Securities Incorporated Arnhold and S. Bleichroeder, Inc. Dain Bosworth William Blair 🍱 Company

First Albany Corporation

Southwest Securities, Inc.

Gruntal Co., Incorporated Janney Montgomery Scott Inc.

Kemper Securities Group, Inc. Stifel, Nicolaus - Company

Ladenburg, Thalmann
Co. Inc. Neuberger
Berman Wheat First Butcher & Singer Sutro La Co. Incorporated

Brean Murray, Foster Securities Inc. Dominick & Dominick John G. Kinnard and Company Frederick Company, Inc.

Van Kasper Company

This portion of the offering was offered in the United States and Canada.

By Bernard Simon in New York

EXXON, the world's biggest oil company, posted record earnings in the first quarter due to unusually wide refining mar-

Despite a halving in income from US exploration and production operations, earnings soared by 75 per cent to \$2.20n, or \$1.78 a share, from \$1.3bn (\$1.01 a share) a year earlier. Revenues grew by almost 15 per cent to \$30.7bm.

The amount of oil that Exxon refined edged up by only 3.5 per cent in the past three months. But, like other US oil companies, it benefited

handsomely from high refining margins, especially outside North America.

Earnings from foreign refining and marketing operations surged fivefold to \$1.1bn, compared with \$219m a year ear-

IIS operations turned to a profit of \$256m from a \$28m loss. The foreign component includes \$160m from the sales of an Australian refinery and a

The huge first-quarter refin-ing profits were caused by a coincidence of factors, includcoincidence of factors, including loss of capacity in the Mid-

dle East, falling crude oil prices and high winter produc-tion of heating oil rather than

high-octans grades.

Mr Lawrence Rawl, chairman, noted that refining profits began to shrink during the first quarter, and were approaching more normal lev-

However, Mr Ivan Obolersky, analyst at Shields & Co in New York, predicted that the industry's margins would be underpinned for some time by the trend towards low-pollution, Low crude oil prices also

ness, where earnings jumped by 23 per cent to \$223m, despite a 5 per cent fall in sales volumes. The company cautioned that some softening in margins was apparent at the end of the quarter. Higher sales of petro-leum products also contributed

The sharp fall in earnings from US exploration and production was ascribed partly to write-downs on properties ear-marked for disposal. North American natural gas output slipped to 2.2m cubic feet a day, from almost 2.5m cu ft.

Chevron helped Exxon's chemicals busicarnings to the surge in earnings.

Despite the sharp increase for the period as a whole, Mr Ken Derr, Chevron chief exec-utive, noted that carnings slid at the end of the period as crude oil prices settled at lower levels, US refining mar-gins began to crode and prices and demand for natural gas that Wang had been late in adjusting to changes in the computer industry. "It has a major challenge to restructure its overall business," he said. "The question will take "

Refining and marketing income soured to \$283m from \$130m. This year's profits, would have been higher with-out a \$47m charge for saviron-mental provisions and asset

side boosts

write-offs.
Sales of natural gas in the US edged down to just less than 8m cubic feet a day, from 3.1m cu ft last year.

3.1m cu ft last year.

Income from chemicals dipped to \$73m from \$123m, but last year's figure included a \$59m gain from chemicals licensing agreements. Operating earnings increased by 14 per cent.

Saudi investor lifts Chase stake

AN investment group controlled by Mr Suliman Olayan, the billionaire Saudi financier, has increased its holding in Chase Manhattan Bank from about 4.2 per cent to about 5.2 per cenf, writes

to about 5.2 per cent, writes
Karen Zagor.
The \$158m stake in Chase,
the second biggest US commercial banking group, is held by
Crescent Diversified, a subsidiary of Mr Olayan's US investment arm Olayan Group. The
investment comes two months
after Saudi Prince Alwaleed
Bin Talel bought \$590m of convertible stock in Citicarp.
Unlike Prince Alwaleed.

Unlike Prince Alwaleed, who had been a private cus-tomer of Citicorp for about 10 cliticorp shares on the open market last year, the Olayan Group has invested in Chase

from has invested in Chase for many years.

In a filing with the Securities and Exchange Commission, Crescent said it bought 1.2m chares between March 1 and April 15 at prices ranging from \$14.37 to \$20.

The Olayan Group, founded by Mr Olayan in 1947, holds which in J.P. Morgan, First

Short Bros inclusion for year boosts Bombardier

By Robert Gibbens in Montreal

BOMBARDIER, the aerospace group which owns Short Brothers of Belfast and Learjet in the US, unwelled profit in line with analysts' estimates for fiscal 1991. Sales were up 85

For the 12 months ended January 31, net profit was January 31, net profit was Calolim (US\$86m), or C\$1.41 a ahare, up from C\$91.5m, or C\$1.36, in fiscal 1990. Sales were C\$2.83bn against

C\$2.1bn. C\$33.3m, or 46 cents a share, against C\$30.3m, or 46 cents, a year earlier, but sales were down to C\$802m against

C\$837m.
The gain in 1991 sales was due to inclusion of Short Bros and ANF Industrie for the full year, against only four

months in fiscal 1990. Fourth-quarter sales were pulled down by problems in pulled down by problems in the business jet market.

The recession and higher loan losses hit CT Financial Services, the higgest unit of Imasco, in the first quarter. Profit — CFO Sm, or 42 can's

UT District operates Canada Trustco, one of the coun-

try's two biggest trust compa-

Black & Decker

earnings halved

BLACK & DECKER, the home appliances and power tools maker, saw its first-quarter earnings halved, but it hoped that an economic revival and low retailer inventories would boost profits later this year, writes Bernard Simon.

Net earnings tumbled to \$4.lm; or 7 cents a share, from

dipped by 7 per cent.

Sears Canada had a first-quarter loss of C\$25.8m, or 31 cents a share, against a loss of 12 cents a share in the same period a year earlier.

Sales dipped 10 per cent to C\$817m, mainly because of the recession and tax changes.

Financing costs fell by 9 per cent to \$78.5m, reflecting lower interest rates.

The company said business conditions remained difficult in the US, the UK, Canada, Brazil and Australia. Tempo-rary plant closures are squeer-ing margins, but are expected to bolster cash flow.

Beer sales ride the recession

By Nikki Tait in New York

ANHEUSER-BUSCH, largest US brewer, has weath-ered both the recession and a rise in federal excise tax to post a 10.1 per cent improvement in first-quarter profits, at \$200.9m after tax.

During the three months to the end of March, Anheuser's sales rose by 6.2 per cent to \$2.92bn. Earnings per share were up to 70 cents from 64

The St Louis-based group sold 29.4m barrels of beer to wholesalers, up by 1.4 per cent on the 20.1m sold in the same period a year earlier.

However, it said sales from wholesalers to retailers were

wholesalers to retailers were lower in the first quarter, because of the build-up in stocks which occurred at the

From the start of 1991, the increase in federal excise tax took effect, causing the price of beer to increase by about 10 per cent, according to Anheu-

The beer giant said it reck-oned that about 1.2m barrels of industry sales were switched from the first quarter of 1991 to the last quarter of 1990 as a result.
"Industry sales for the first

quarter are expected to be down by approximately 5 per cent," said Anheuser, although it claimed that its market share had improved by about 1 to 2 per cent.

Elsewhere, the Campbell Taggart food subsidiary – whose products range from bread to frozen dinners — saw first-quarter profits increase, thanks to the contribution from international operations, higher volumes and improved

The agends for the meeting is as follows: AGENDA

Wang optimistic despite loss

WANG Laboratories, the faltering US computer maker, reported another quarterly loss, but expressed confidence that improved liquidity, further belt-tightening and a new product strategy boded well.

Wang, which has been in the black for only one of the past 10 quarters, suffered a \$48.9m loss - 30 cents a share - in the three months to March 31. It lost \$146.6m (90 cents a

share) a year earlier. Revenues fell by 16 per cent to \$500m, in line with earlier warnings that a tailing-off in sales of the company's word

FURTHER indications of the

troubled times facing the US steel industry were revealed

yesterday as Armco, one of the large integrated producers, posted a first-quarter loss of

\$39.8m after tax.
This compares with a \$12.9m

profit in the same period of

Armco also warned that,

Armee also warned that, despite steps being taken to cut costs, it would probably make a loss in the second quarter and in the full year. The company said that it "does not anticipate an economic upturn in the second quarter, nor expect steel to recover significantly in the second hair."

its passimism echoes that of Bethleham Steel, which also unveiled a first-quarter loss earlier this week and said it

expected to remain in the red

in the second quarter.

A number of smaller, specialised steel companies

Centenary Depositary AG

(Incorporated under the laws of Switzerland) ("the Depositary") NOTICE OF ANNUAL GENERAL MEETING OF

DE BEERS CENTENARY AG

Holders of Centenary depositary receipts are hereby notified that De Beers Centenary AG ("the Corporation") has given notice to its shareholders convening its first annual general meeting which will be held at the Grand Hotel National, Lucerna, Switzerland on Friday, 10 May 1991 at 12:00.

To receive the report of the statutory auditors for the financial year ended 31 December 1990.
 To receive and adopt the Statutory Report of the Directors for the year ended 31 December 1990, together with the belience sheet and income statement of the Corporation as at and for the year ended 31 December 1990.

3. To approve the appropriation of retained earnings as recommended in the Statutory Report of the Directors and to declare a dividend of SFr 10-per share (equal to 10 centimes per Centenery depositiony receipt) to shareholders togestered as such in the Corporation's register of shareholders on 28 March 1991.

To ratify and confirm the actions of all persons who held office as members of the Board of Directors during the year ended 31 December 1990.

The Statutory Report of the Directors, (including the proposals of the directors relating to the appropriation of retained samings and declaration of a dividencil, the balance sheet and income statement and the auditors' report will be posted to registered Centeriary depositary receipt holders together with this Notice and will also be available to receipt holders at the Head Office of the Corporation and at the offices of the Transfer Secretaries of the Depositary listed below, from

Each Centenary depositary receipt holder is entitled to attend and to speak at the annual general meeting either in person or be represented by a duly authorised representative or proxy whose authority must be established to the satisfaction of the Depositary. Receipt holders wishing to attend the meeting by proxy may obtain forms of proxy from the Depositary or its Transfer Secretaries and proxy forms must be lodged with the Transfer Secretaries no letter than 12.00 on Tuesday, 7 May 1891.

Each receipt holder is entitled to one vote in respect of each Centenery depositary receipt held. The votes attaching to the Centenery depositary receipts are not votes in respect of shares in De Beers Centenery AG but are instructions to the Depositary as to how it is required to exercise the votes in respect of De Beers Centenery shares deposited with it and represented by the Centenery depository receipts.

deposited with or received by the Depositary at the Depositary's registered office or at the offices of the Transfer Secretaries no later than 12:00 on Tuesday, 7 May 1991;

Holders of Centenery depositary receipts in registered form wishing to attend the meeting may be required to produce their Centenary depositary receipt certificates or safe custody receipt issued by an approved Bank at the meeting and to establish their identity to the satisfaction of the Depositary.

Holders of bearer Centenary depositary receipts who desire to attend the annual general meeting or who wish to exercise their voting rights must comply with the conditions presently in force relating to the issue of bearer Centenary

Under those conditions, such holders will require a Certificate of Lodgement which must be issued by the Depositary or its authorised agent by no later than Monday, 6 May 1991. Details of the procedure to be followed to obtain a Certificate of Lodgement, as well as copies of the said conditions and the necessary forms, may be obtained from the Depositary or any of its Transfer Secretaries or agents listed below.

The register of receipt holders and the transfer registers will be from Saturday, 4 May 1991 to Friday, 10 May 1991, both days inclusive.

34 Beckenham Road CH-6000 Lucerne 14
Beckenham, Kent BR3 4TU Switzerland

Benque Bruxelles Lambert SA Swiss Bank Corporation 24 Avenue Marnix Asscharnorstadt 1 8-1050 Bruxelles CH-4902 Basle Belgium Switzerland

Head Office:

Langensandstras

Crédit Suisse Paradeplatz 8 CH-8021 Zürich

Voting instructions submitted on the appropriate form which accompanies the annual report must either be:

5 To re-elect the directors of the Corporation in accordance with the Articles of Association and regulations pas

6. To appoint Deloitte Pim Goldby GmbH as the statutory auditors of the Corporation.

(b) be delivered in person by the receipt holder or his said duly authorised represented meeting.

24 Avenue Marnix 8-1050 Bruxelles Belgium

CH-6021 Zürich

Union Benk of Swizzerland

posted today and copies are available from the office of the London Agent

Transfer Secretaries: Barclays Registrars Limited Consolidated Share Registrars Limited Bourne House

40 Commissioner Street Johannesburg 2001

Agents of the Depositary

(P. O. Box 61051, Marshalltown 2107)

Barclays Bank plc Stock Exchange Services Department 168 Fenchurch Street London EC3P 3HP

By Nikki Telt

processors and mini-computers would more than offset advances in its new electronicimaging products.
Mr Richard Miller, chairman,

blamed the third-quarter slump on the recession in general and in the computer market in particular. But he noted that cash erves of \$194m were at their highest for 18 months. He said the downturn had

slowed the momentum of Wang's turnround efforts, and that further ansterity mea-sures were being considered. Mr George Kliing, analyst at Merrill Lynch, noted yesterday

steel and tubing for the

automotive, construction and industrial machinery

This lost \$61.6m in the first

quarter, of which Armco's

share was \$31.6m. Sales for ASC were \$334.3m, down 16 per cent on the previous year. The

venture made a \$50.5m operating loss last year, and a reorganisation of operations is

Elsewhere, Armco operations made a \$900,000 operations made a \$900,000 operating profit overall in the first quarter — down from \$28.2m in the same period a year entier — although there

were small losses in

fabricating and processing, and bar, rod and wire products.

After interest charges, this became a \$8.4m loss.

• Inland Steel, the Chicago-based steelmaker which last week reported a

\$40m net loss for the first quartar, has passed its quartary dividend. It cited a severa depression in its primary markets, but said it would restore payments as soon as possible after the company moved back into

Armco slips into red

and sees year loss

tion will take."

Transition will take."

This year, Wang unveiled a strategy called Office 2000, designed to computerise many paper-intensive office jobs.

A product line will be designed to allow financial institutions, government departments and other large paper users to scan documents. paper users to scan documen them electronically.

Procter & Gamble rises 5% to \$424m By Nikki Talt

PROCTER & Gamble, the large US consumer products group which recently agreed to buy the Max Factor and Betrix the Max Factor and Secrit businesses from Revion for \$1.14bn, yesterday announced a modest 5 per cent improvement in after-tax earnings during its third quarter, at \$42an. Sales for the three months to end Meach ware and more more more series. Sales for the three mouths to end-March were up more sharply, at \$6.79kn - an 11 per cent rise on the \$6.12km scured in the same period a year earlier. But earnings per share rose only marginally, by 1.8 per cent, to \$1.16.

With the figures at the lower end of expectations, the company's shares eased by % to \$84.
P&G acknowledged its US business — where brand names range from the Cover Girl cosmetics line to detergents such as Tide and Bold — had been affected by the eco-nomic recession. It said the

international operations
"remained very healthy".

Mr Edwin Arixt, chairman, Results at the can manufacturing interests also improved, but Anheuser said thems parks nationwide had been affected by the decline in tourlist travel and warned that the weak economy might continue to hit these interests in 1981.

Specialised steel companies quartar, has passed its quartar, chairman, a quartar, has passed its quartar, has passed its quartar, chairman, said the relatively small earnings improvement "reflected a substantial investment in new products, principally the expansion of compact detergents in the US, as well as heightened competitive activity in the coffee business".

In the bulk of the losses primary markets, but each it bought authorized and principally the expansion of compact detergents in the US, as well as heightened competitive activity in the coffee business".

OTTOMAN BANK DIVIDEND NOTICE

Notice is hereby given that a dividend at the rate of £11.00 per share, voted at the General Meeting of Shareholders held on 24 April 1991, will be payable on and after 15 May 1991 in London at BARCLAYS BANK PLC. Stock Exchange Services Department, 168 Fenchurch Street, London EC3P 3HP, against presentation of coupon No 118. The holders of Founders' Shares will receive an amount of £1,350.31 per whole share payable on the same date and at the same place, against presentation of coupon No 61.

Coupons must be listed on forms, which can be obtained from Barclays Bank PLC, and left for examination four clear days prior to payment.

25 April 1991.

Australia and New Zealand Banking Group Limited

U.S. \$250,000,000

Subordinated Floating Rate Notes due 2000 of which U.S. \$140,000,000 is being issued as the Initial Tranche and U.S. \$70,000,000

Notice is hereby given that for the Interest Period 24th April, 1991 to 24th October, 1991 the Notes will carry a Rate of Interest of 6% per cent. per annum with an Amount of Interest of U.S. \$3,526.56 per U.S. \$100,000 Note. The relevant Interest Payment Date will be 24th October, 1991.

Bankers Trust Company, London

25 April 1991

London Agent: sse 27 Anglo American Corporation of se 14 South Africa Limited 40 Holborn Viaduct

Générale de Banque 3 rue Montagne du l

Banque Internationale à Luxembouro

THE REPUBLIC OF ARGENTINA **NEW MONEY BOND DUE 1989**

Benco Contral de la Republica Argentina Republic of Argentina Financial Agent.

ANZBank

(Incorporated with limited liability in the State of Victoria)

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Agent Bank

Du Pont turns in profits down by 4% for quarter

DU PONT, the biggest US chemical company, yesterday turned in first-quarter earnings that were slightly better than expected due to strong gains from its petroleum business which offset the erosion in earnings from core fibres and plastics operations.

A JUMP in Chevron's first-quarter refining and marketing income more than off-set a decline in US exploration and production, resulting in an 18 per cent rise in net earnings for the San Francisco-based energy producer.

Earnings climbed to \$557m, or \$159 a shape from \$478m. Net income for the three months ended March 31 fell 4 per cent to \$500m, or 88 cents a share, from \$615m, or 90 cents, a year earlier. The 1990 earnor \$1.59 a share, from \$473m, or \$1.33, a year earlier. Reve-nues rose to \$19.8bn from ings included a one-time charge of 6 cents a share.

Strong petroleum sales spurred a 3 per cent improvement in Du Pont's overall sales in the first quarter to \$9.7bn from \$9.4bn while the petroleum business recorded sales of \$4.06bn, up 15 per cent in the

However, Du Pont said com-bined from other seg-

ments fell 2 per cent in the first three months of 1991, reflecting a 6 per cent decline in US volume. On Wall Street, Du Pont's shares added \$% to \$41 in

active mid-day trading. Strong margins for refined products and higher prices and volumes for crude oil and natural gas contributed to a 63 per cent improvement in earnings from Du Pont's petroleum busi

ness in the three months, to

322m from \$197m. Du Pont's results underscored the importance of a diverse earnings base to com-panies operating in the cyclical chemicals industry. Monsanto, chemicals moustry. Monsanto, one of the more diversified US chemicals companies, posted a 14 per cent drop in first-quarter net to \$166m, or \$1.31 a share, on revenues which fell 3 per cent to \$2.22bn.

Du Pont's chemicals business recorded after-tax operating income of \$78m. against \$129m in the first quarter of 1990. The 1981 figures include an \$18m charge associated with Du Pont's partial withdrawa from the freon manufacturing business. Earnings were also hurt by higher costs for devel-oping alternatives to chloro-fluorocarbon (CFC) and falling demand for CFC products. Income from Du Pont's fibres

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business dropped 17 per cent to \$85m, including one-time charges of \$27m.

In Du Pont's polymers busi-ness, the impact of the slow-down in the North American vehicle and construction indusvenice and construction mona-tries was partly offset by improved results in Surope. After-tax income from the poly-mers segment fell 17 per cent to \$68m from \$82m.

Sales decline at Goodyear

the last surviving big US tyre-maker, yesterday unveiled a considerable first-quarter net loss on declining sales.

The Ohio-based company had warned it would post a first-quarter loss, and shares in the company added \$% to \$21% at midsession on the New York Stock Exchange.

Stock Exchange.

The company, which has cut jobs, restructured and slashed its dividend in a bid to return to profitability, expects to be back in the black in the second quarter if the economy in North America improves. But Goodyear's problems

run deeper than the recession and decline in vehicle production.

The company is struggling under the burden of its disas-

a traction of capacity and has had to be written down. Goodyear expects these operations o eat into earnings for at least two years.
Stripping out extraordinary tisms, Goodyear suffered a loss of \$80.4, or 52 cents a share, in

pipeline from California to Texas that is operating at only

the first three months of 1991, against profits of \$16.5m, or 29 ents, a year earlier.

In the 1991 quarter, Good-year took a one-off, after-tax charge of \$59.7m, or \$1.02 a share, related to job cuts and the discontinuation of its efforts to establish a tyre fac-tory in South Korea. In the 1990 quarter, the company had

trous \$1.6bn investment in the All American Pipeline, an oil

extraordinary gains of \$4.4m, or 7 cents a share.
Including the one-time items,
Goodyear's net loss for the 1991
quarter was \$90.1m, or \$1.54,

In the US, operating income dropped to \$30.im from \$82.5m a year ago, partly reflecting unusual charges of \$34m in the 1991 quarter Sales fell 9.5 per cent to

against net income of \$20.8m.

or 36 cents a share. The company said the down-

turn in the tyre and rubber industry reduced first-quarter worldwide sales by 7.2 per cent

year's tyre sales by 7.5 per cent. Operating income fall to \$62.8m, including one-time charges of \$46.9m, from

The company's off transpor-tation business extended its operating loss to \$25.1m from \$14.6m, reflecting losses on off sales in spite of reduced operat-ing expenses.

\$10m, or 7 cents a share, from \$10m, or 7 cents a share, from \$10m, or 7 cents a year earlier. Revenues rose by 8 per cent to \$1.1bm, thanks to the inclusion of information systems busines acquired as part of the purchase of maker the roduct sales of the purchase of the

De Beers Consolidated Mines Limited (Incorporated in the Republic of South Africa) Registration No: 11/00007/06

Notice is hereby given that the one hundred, and third annual general meeting of members of De Beers Consolidated Mines Limited will be held at the head office of the Company at 36 Stockdale Street, Kimberley on Priday, 24 May 1991, at 14:18, for the following business:

NOTICE TO MEMBERS

to receive and consider the armusi financial statements and of the Group for the year ended 31 December 1990; to elect directors in accordance with the provisions of the articles of association of the Company;

to consider and, if deemed fit, to pass, with or without modification, the following resolution as an ordinary resolution:

That the directors be and they are hereby authorised to allot and issue, after providing for the allotment and issue of the S ordinary sheres in terms of The De Beers Employee Shareholders Scheme, all or any portion of the unissued S ordinary and deferred sheres of five cents each in the capital of the Company at such time or times, to such person or persons, company or companies, and upon such terms and conditions, as they may determine." A member entitled to attend and vote at the meeting may appoint a proxy to attend, speak and vote in his steed. A proxy need not be a member of the Company, if required, forms of proxy are available from the head office and London office of the Company.

The transfer registers and register of members of the Company will be closed from 18 May to 24 May 1991, both days inclusive. Holders of linked deferred share warrants to bearer who desire to attend in person or by proxy or to vote at any general meeting of the Company must comply with the regulations of the Company under which share warrants to bearer are issued.

Under those conditions, such holders will require a Certificate of Lodgement which must be issued by the Company or its authorised agent by no later than Monday, 6 May 1991. Details of the procedure to be followed to obtain a Certificate of Lodgement, as well as copies of the said conditions and the necessary forms, may be obtained from the Company or any of its Transfer

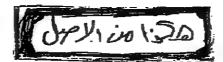
25 April 1991

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The report and accounts is being posted today and copies are available from

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or three auctions this year.
Otherwise, the gilts market
drifted up during the day, but
volumes were low.

INTERNATIONAL COMPANIES AND FINANCE

Strong demand pushes gilt auction to success

By Webb in London and Patrick Harverson in New York

THE Bank of England's first gilt auction in nearly three years was hailed as a resounding success yesterday. The full amount of £1.2bn of 10 per cent. Conversion stock 1996 was gobbled up by the market amid signs of strong demand for the stock. The England

GOVERNMENT BONDS

received bids of \$5.375hn for a total of £1.2bn in stock, so the issue was covered 4.45 times.

The highest accepted bid was \$38\$, corresponding to a yield of £0.32 per cent, while the lowest accepted bid was for £98\$, corresponding to a yield of £0.35 per cent. The rounded average accepted price was £98\$, corresponding to a yield of £0.34 per cent.

Traders said the short "tail" and the high cover were signs that the auction was a roaring success. The tail — which is the difference between the average yield and the yield cor-

average yield and the yield cor-responding to the lowest price — was only one basis point. The Bank of England said

The Bank of England said bids at the lowest accepted price were allotted 46.5 per cent of the amount for which they applied.

The when issued opened at £48%, only a couple of ticks above the average bid price when bidding took place, and was trading at £48% in morning, equivalent to a fully paid-up price of Demand came mainly from domestic buyers, traders said.

The Bank of England is expected to hold a further two or three auctions this year.

Otherwise, prices in the market slipped during the day with the yield on the benchmark No

BENCHMARK GOVERNMENT BONDS 8.000 01/01 103.7500 -1115 125 125 BTAN 9,000 02/98 99,6133 CITE CAT 9,500 01/01 08/01 3.58 NETHERLANDS 03/01 07/00 HINTH + CM HE TIP TOP 10P 4.0 25 12 17

closing, "denotes New York morning session Local market standard Prices: US, UK in 38nds., others in decime! Technical Date/ATLAS Price Sources

Although were some over the market's ability to absorb the additional

supply, analysts predicted that the sale of two-year securities would go off smoothly. Another auction, of five-year notes, is due later today. The market was also keeping

an eye yesterday on the mid-April car sales figures that were scheduled to be released

during the day. Any sign that sales of cars are not picking up could help bond prices.

■ German bund prices edged up in the morning but slipped back again later. 129 bond moving from 6.7 per cent in the morning to close at 6.74 per cent.

statement from bank board member Mr Otmar Issing, quoted in a German magazine, did little to reassure market. Mr Issing said the Bundesbank would do everything it the D-Mark stable, but recognised that the impact of foreign exchange intervention was lim-

M Yesterday's auction of Japanese Government Bonds was well received, dealers said. The auction was for Y800bn of the No 140 ten-year bond with use coupon of 6.6 per cent. The average price was 100.38, corresponding to a yield of 6.537 per cent while the lowest accepted bid was for 100.30, corresponding to a yield of 6.55 per cent. ing to a yield of 6.55 per cent. The short tail was seen as a sign of strong retail demand.

EC leaders seek Ecu borrowing network

By David Buchen in Brussels

THE European Commission is to suggest to EC governments traded quietly in thin volume yesterday morning as the mar-noon and the of two-year to suggest to EC governments and central banks that they inform each other more about their borrowing plans in Ecn, so as to avoid a repeat of the recent flood of Ecn paper by sovereign borrowers.

At its weekly meeting, the 17-member EC executive body vesterday approved a communication. At midday, the benchmark 30-year Treasury issue was unchanged at 95%, to yield 8.268 per cent, while the two year note was up at 100%, carrying a yield of 6.988 per

yesterday approved a commu-nication to the EC Council of Ministers suggesting that sovereign issuers of Ecu bonds should establish an informal network, and more formal meetings once or twice a year, to put a little more order into

In the second two weeks of February there were 10 Ecu bond issues, totalling Ecu 8.75hn, or equivalent to one third of all borrowing done in the composite currency in the whole of 1990. The Commission notes that 90 per cent of these bonds, Ecn 7.9hn to be precise, were issued by EC member-states or Community

The Commission felt itself somewhat caught in the Ecu rush when it found financial institutions temporarily reluc-tant to subscribe to the Ecu 1bn it raised earlier this year as a first loan tranche for

Greece. EC officials say there is a group of government borrowers that occasionally meets under the auspices of the Organisation for Economic Organisation for Sconomic Co-operation and Development (OSCD). But its membership and scope of interest is too wide to focus on the Scu, in which Brussels takes a particularly paternal interest as the future single money of the

Community.

"It is surprising to learn that the people in the Bank of England borrowing Ecus for the UK Treasury don't know the names and telephone numbers of their counterparts in the Banque de France," said one official.

For rather different reasons.

For rather different reasons the committee of EC central bank governors, headed by Mr Karl Otto Poehl; has been studying why the Ecu has acquired a premium in the market over the collective value of its individual compo-nents. EC officials explain that while the premium may be small - still under 1 per cent - its existence is a source of particular concern to Germany, which opposes any par-allel currency.

"The more the Bon takes on a role independent of its own basket definition, the more it looks like a currency," said one EC official. Mr Karl Otto Poehl is also head of the Bund-

Dutch bank cuts charges on personal stock deals

NMB POSTBANK, the banking arm of Internationale Neder landen Groep, is to reduce charges on stock exchange transactions to individual investors, AP-DJ reports from Amsterdam.

NMB Postbank said that under its new system it would charge a minimum of Fl 50 for the purchase of shares and Fl 30 for the sale of shares. charge remains 0.5 per cent of the total transaction

Previously, NMB Postbank charged a minimum of F175 for both the purchase and sale of shares and charged an addi-tional Fl 12.50 fee for the transaction, which the bank termed a "fixed fee", bringing the total minimum charge to FI 87.50.

Last July, the Dutch Finance Ministry abolished a fixed sys-tem of charges that stock brokerage houses had to charge ners in favour of letting brokers charge whatever they thought the market would

The move to floating fee

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April 1991

Fokus Bank president steps down

By Karen Fosell in Oslo

MR CHRISTIAN KJOELAAS, the president of Fokus Bank, Norway's third biggest yesterday stepped do un just months after the announcement that the bank had run up a big loss for 1990.

Last December, Fokus given a three-year NKr1.5bn guarantee with renewal options by the banks fund which forced the bank to write down its the bank to write down its

share capital by 50 per cent. Fokus lost NKr982m last year after a net profit of NKr10L9m after a net profit of NKr101.9m
in 1989. A new board
appointed one month ago,
headed by Mr Stein Holst
Annexstad, former executive
with Hafnlund Nycomed.
In a statement. Mr
said he ago to
resign following the board's
recommendation.
The board said that the bank

was facing such great chal-langes connected with its demanding economic situation that II felt Fokus should be led in future by someone without historical ties to the

"The bank needs a new president and this will the it casier for the sure than implement the right strategy for the same future," Mr Kjoelssa said. The board said that the bank

FT/AIBD INTERNATIONAL BOND SERVICE Latest prices at 0:10 pm on April 24

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			20000	ois.	3.5 0		7.07	" No information available - previou	no dany a price	
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3	SWI	DEN 5 5/8 95	50000	202	3			2 filtà fire meneran meneran embaran :	= lutan	

The Figure 31 Times Ltd., 1991. Reproduction in ______ in part to any form not permitted without international Bond Dealers.

was designed to increase the competitiveness of the Amsterdam Stock Exchange, which had lost business to foreign exchanges, particularly the London exchange.

REPUBLIC NATIONAL BANK OF NEW YORK

A SUBSIDIARY OF REPUBLIC NEW YORK

	Cons	olidated State	ments of Condition			
	Men	ch 31,	Liabilities and	Merch 31,		
A property	1991		Stockholder's Equity	1991	1990	
		(Dollars in 1	(housands)			
Cash and due from banks	\$ 293,126 8.159,796	a service	Non-interest bearing deposits: in domestic offices	\$ 657,164 229,048	\$ 647,06 88,14	
Precious metals	246,186	423.547	Interest bearing deposits:	4,551,107	4,823,32	
investment securities	5,184,750	and the second	In foreign offices	10,766,192	9,096,46	
Trading account agests	86,888	1000	Total depositsShort-term borrowings	16,203,511	14,654,99	
Federal funds sold and securities purchased under resale agreements	503,064	and the	Acceptances outstanding	969,607 2,022,351 195,519	1,066,456 2,234,60 230,71	
Loans, net of unearned income	4,828,411	Acceptable	Other liabilities	474,014 1,104,377	665,15 1,344,33	
Allowance for possible loan loades	(180,751)	(224,551)	Cumulative preferred stock, \$100			
Loens (net)	4,647,680	4,449,441	shares outstanding	100,000	100.00	
Customers' liability on acceptances	2,018,833	2,228,710	Common stock, \$100 per value: 4,800,000 shares authorized;			
Premises and equipment	318,458	318,403	3,550,000 shares outstanding	355,000 860,228	355,000 860,000	
Accrued interest receivable	285,463	20.74	Retained earnings	337,451	257,699	
investment in affiliate	510,918	-0.5	Total stockholder's equity	1.852.679	1,572,695	
Other assets		671,531	Total liabilities and			
Total assets	-1-1	12.1	stockholder's equity	\$22,622,058	11,798,076	
			Letters of credit outstanding	\$ 1,337,999	\$ 1,750,000	
The portion of the investment in p	notices metals not	hedged by torward	sales was \$13.8 million and \$7.8 million in 1	1991 and 1990, res	pectively.	

Cash dividends declared on common stock Per common share: Net Income Cash dividends declared Average common shares outstanding

Maria 31, 1990 1991 \$ 44,445 1.45 \$.35 \$ 34,392 .33 30,212

World Headquarters: Fifth Avenue at 40th Street, New York, New York 10018 (30 offices in Manhattan, Bronx, Brooklyn, Queens, We stchester & Rockland County

BEVERLY HILLS - CAYMAN ISLANDS + LOS ANGELES + MEXICO CITY - MIAMI + MONTREAL + NEW YORK
BUENOS ARES + CARACAS + MONTEVIDEO - PUNTA DEL ESTE + SANTIAGO + SAO PAULO + BEIRLT + GENEVA + GIBRALTAR
GUERNSEY - LONDON + LUGANO + LUGEMBOURG + MILAN + MONTE CARLO + PARIS + ZURICH + HONG KONG + JAKARTA + SINGAPORE + TAIPEI + TOKYO

(To the tolders of) Sabordierted Copital Sates Sur October 1989 CUSSY 966858 SG 9

nessel to the provisions of the Note der the indenture of BankAmerica Cur inspect under the ind e dated as of June 15, 1984 as are parametric Carro as Cri (Julie 1, 1904 as anicated by the Second Supplemental Indenture dailed as of Emergence 20, 1987, the rate for the period from April 24, 1991 up to and including July 23, 1991 is 7.50%. The amount of interest poyalde. on Joly 24, 1991 in the Process for S100,000 principal amount of the Motes.

Meanfactures Reserve

Track Company at Calculation Agent April 22, 1991

ALLIANCE - LEICESTER £112,000,000 edinated Floating Rate Notes due 1998

For the three months 24th April, 1991 to 24th July, 1991, the Notes of 12.49375% per annum with an interest amount of £15,574.40 per £500,000 Note, psyable on 24th July, 1991.



Floating Rate Notes 1992 Notice is hereby given that the Rate of interest for the three Interest Period commencing on April 24, 1991 has been fixed at 12% p.a. and that the interest payable on the relevant Interest Payament Date, July 24, 1991, in respect of Coupon No. 22 will be £49.59 per £5,000

NatWest Capital Markets Limited Agent Bank

By Tracy Corrigan

SPAIN's second and largest Ecu bond offering was sold out almost instantly as pent-up demand for sovereign bench-mark issues fuelled investors'

Unlike Italy, whose triple-A credit rating is under review, Spain, rated Double-A2 by Moody's, the US agency, is considered an improving

The five-year bonds priced to yield 9.08 per cent, the same level as Spain's out-standing Ecu500m issue due 1995, launched a year ago. The 'old issue was quite tightly held by investors, so there was little paper available in the second-

ary market.
Although the deal was easy to sell, underwriters in London were unhappy at the handling of the offering.

First, the indicated range for the yield was changed, when

demand proved firm. Then, allocations of bonds were smaller than underwriters had been led to expect.

Some underwriters had shorted the issue, that is, sold bonds they did not yet have; when allocations were reduced, they were forced to cover their short positions by buying them back at higher prices, given the strong demand, traders

Nearly 20 per cent of the deal has been reserved for placement in Spain, where an exten-marketing campaign is currently under way.

However, only 5 per cent of the first deal was placed in Spain, more bonds could find their way to international

Borrower US DOLLARS

Compagnie Banceire(a)† WR Grace & Co.(d)§

The Kingdom of Spain(a)† GANADIAN DOLLARI

onale de Paris(a)†

the Bk Finance NV(a) white

placement. (Convertible. Whith equity warrants. (Floating rate note. with existing Ecu335m deal from 8/91. Non-callable. c) Put option on 30/9/93 a semi-annually. d) Puttable in year 5 at 45.636% and year 10 at 67.567%. No call callable at accreted value, thereafter.

investors in a few weeks' time. Spain had been expected to extend its maturity profile, but instead chose to bring ■ second five-vear deal.

According to lead manager anesto, Spain did not wish to lock in Ecu rates over too long a maturity, because Ecu yields are likely to fall in the longer

An Ecu300m deal, fungible with an outstanding Ecu335m issue, for the European Investment Bank, was largely pre-

INTERNATIONAL

placed in Japan. Lead manager Nomura International said the issue was targetted at Japanese retail investors in an attempt to widen the investor for Ecu bonds. Consequently, there was no clash with the Spanish issue.

In the dollar sector, a \$250m

three-year deal for Compagnie Bancaire met firm demand, but put tightly priced issues for two other European financial institutions, Landeskreditbank Baden-Württemberg and Credit Local, launched III Tuesday under further pressure.

The Compagnie Bancaire deal was priced to yield 82 points above the three-US Treasury, compared with 48 and 47 basis points respectively for the LKB and Credit Local deals.

Although Compagnia Ban-caire is a slightly lesser credit, the 35 basis point differentia-

NEW INTERNATIONAL BOND ISSUES

tion was considered excessive. The LKB spread widened to 58 basis points, and the Credit Local spread to 56 basis

In the equity-linked sector. Merrill Lynch introduced its LYONs (liquid yield option notes structure to the Euro-bond market, issuing a \$150m European tranche of a \$1bn US offering for WR Grace, the chemical, healthcare and energy group. The zero-coupon 15-year notes are convertible into shares, and puttable after five and 10 years.

Sumitomo Bank, the world's third largest bank, has had its Aal credit rating well under review for possible downgrade by Moody's Investors Service. Sumitomo lost it's top tri-ple-A rating from both Moody's and IBCA, the European rating agency, last year. The bank has \$4.3bn of long-term debt

 The French government received close to 50 per cent acceptances for its Ecu OAT exchange offer. Holders of exchange ofter. Holders or Ecus50m all per cent maturing 1997, out of total maturing 1997, out of total Ecu1.9bn, opted exchange new 8.5 per cent OATs matur-

retail investors, who have until April 30 to exchange, should give the new issue an initial size of around Eculbn,

The new bonds were priced to yield 10 basis points more the old shorter-dated

Deutsche Bk (Suisse) Daiwa (Switzerland) Swiss Volksbank

1%/1.775 Wood Gundy

1%/1.725 Nomura Int.

Group gets together to form mutual fund family

SALOMON Brothers Asset Management has agreed with Wood Logan Associates and North American Security Life Insurance to organise and pro-mote a family of open-end mutual funds, AP-DJ reports from New York. Salomon will act as invest-

nent adviser for the funds. North American Security Life will provide administrative services and Wood Logan will handle the marketing and dis-tribution through licensed securities dealers.

"Through these new funds, individual learning can now access the investment expertise and types of products that were previously only available to large institutions," said Mr Michael Holland, chairman of Salomon Brothers Asset Man-

American Express and Sumitomo Bank of Japan are to trono Hank of Japan are to create a jointly owned company and issue Sumitomobranded American Express Geld Cards in Japan.

American Express said cards issued by the venture would provide all the services available to American Express Gold Card members.

American Express will pro-cess charges and provide billing and customer serv-

American Express said its own brand of gold cards would continue to be offered in Japan, in addition to the ven-ture's cards.

Japan Airlines plans listings

JAPAN Airlines (JAL) in planning stock market listings in London. York and Paris to help finance new air-craft purchases and other capi-tal expenditure totalling ready \$12 m. over the next 10 nearly \$12bn over the next 10 years, writes Paul Betts, Aerospace Correspondent.

JAL executives confirmed

the plans in a report to be published today in the latest edition of Business, the magazine jointly owned by the Financial Times and the Condé has

acquiring a stake in either a US or European carrier:

Lailest Ressanc Date

High Low

Amount Paid #P

Prior

Few tears shed for open outcry Jim McCallum examines the options market's own Big Bang scheme vow to avoid the Stock

Stock market disappeared from its trading floor in the Stock Exchange tower and moved to a screen-based dealing system, the London Traded Options Market is about to undergo its own Rig Bang. Huddled in a corner of the

Stock Exchange's old dealing floor, the traded options market is all that is left of the old world of jobbers and brokers where securities were once bought and sold on a

All that is about to change. After behind-the-scenes prod-ding by the Bank of England, the options market and the London International Financial Futures Exchange took the

Futures Exchange took the plunge and announced last year that they would merge. This was greeted with a huge sigh of relief by options dealers who saw merger as the only hope for a market which has failed to compete with its US and European counterparts. The hope was that the success of Liffe would rub off on the options market. options market.
So the letter which options

traders received this week from the LTOM and Liffe boards will have come as nothing less than a tremendous bolt from the blue. Rather than the market is to be screen-based and threatens to put many

Only the FT-SE 100 index option is to remain as an open-outery market and will be joined by the FT-SE Eurotrack "Everyone was taken by surprise. We thought it would be
five or 10 years before stock
options much alth the
screens," said a manager of an
independent options brokerage.
But the speed with which
ITOM is to be a time and is a
reflection of the desperate state reflection of the desperate state the options market has reached. The daily options turnover is regularly less than



Michael Jenkins: trading openness discourages investors the 30,000 contracts needed for LTOM to cover its costs and for brokers to break even.

A round of redundancies has

just been completed at a num-ber of leading securities houses and yet costs are still out of control. Just yesterday, Hoare Govett announced it is to pull out of options market making. The lack of business leads to

less competitive quotes for options and an irregular updating of prices, which in turn discourages investors.

As one options add: "The quality of prices and awful lot to be desired. There are 2,500 options series but on average day inst series but on average day just 32 are updated."

. Mr Tony de Guingand, man-aging director of LTOM, and Mr Michael Jenkins, chief executive of Liffe, believe that the openness of trading options discourages investors. A bro-ker who buys options is letting

the whole market know he or she has a certain position and is then at the mercy of the market when that trade needs to be unwound.

The success of the Deutsche

Terminborse, the German futures and options market, and the Swiss Options and Financial Futures Exchange, both of which are based, has encouraged LTOM into its own Big Bang.

tainties remain: The cost of entry into the new market. Sophisticated computer technology will be required and it is not clear smaller independent traders will be able to afford

Whether the new trading system will be a genuinely competitive market or will just display indicative prices for nominal amounts of options. The proponents of the new

Exchange quote machines, which suffer from these defects. But the suspicion remains that unless there are safeguards and strict supervision the options market will become dominated by a handful of large securities houses. If an anonymous market will actually encourage business. Larger institutions said the current open outcry mar-ket rarely leads to them being caught out by market-makers. As one fund manager who uses the options said:
"Every now and again you have a problem when a trade is visible and it gets spotted. But normally there is no problem." ■ The number of jobs under threat. Liffe and LTOM believe it may lead to an expansion in employment. On LTOM one person can make a market in up to five stocks options. But screen-based systems need at least one market-maker per stock and there are currently 72 now if liquidity does not pick up, there could be a drastic reduction in the number of stocks that are eventually quoted. In any case, it seems certain that the floor brokers. who can deal on behalf of Stock Exchange mem-bers, are at risk. Unless they can turn their hands to selling ehalf of Stock Excha options, the 75 or so brokers would not appear to have optimistic future.

most options traders do not see LTOM's proposals and there seems little down that screen-based system will emerge from the consultation of members that is under way. More importantly, the nance of Liffe in what looks more like a takeover than a merger. But if this increases London's importance in the growing European derivatives markets, the Bank of England

In spite if these reservations

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grant of the fills.

J.P. Morgan

Benco Bilbao V Cija de Madric Banco Urquijo gruco Extensos Banco Central.

Caja Postal

Commerzbank

J.P. Morga

150

Carl Carl Strain

Spanish bank in share swap with Banco di Roma

HISPANO Americano, one of Spain's largest commercial banks, is hoping to complete a share swap with the big Italian bank, Banco di Roma, which could result in each bank holding shout 5 per cent of the ing about 5 per cent of the other by the end of this year, writes Peter Bruce in Madrid.

Closteg Price

gui, Hispano's president, said yesterday the operation could go and once the merger of Banco di Roma and Banco di Santo Espirito is fina-

The two banks, along with Commerzbank and

Lyonnaise, are members Europariners, an informal banking consortium The swap was first mooted a year ago, but has been complicated by efforts to restructure the Italian banking

was also considering joining in an interchange of shares. Commerzbank owns 10 per cent of Hispano which, h turn, bought 5 per cent of the German bank in 1989. The two have just agreed to stablish a new bank in Ghraj-

LONDON MARKET STATISTICS

in conjunction with the	Institute of Astuaries	and the Pag	uity o	i Actu	eries
EQUITY GROUPS	Wednesday April 2	4 1991	Tue Apr	Mon Apr	Fri Agr
& SUB-SECTIONS	Est. Green	Est. P/E xd adj.			

FT-ACTUARIES SHARE INDICES

	& SUB-SECTIONS					2	44] 47	(mbb.ex)		
•	Figures in parentheses show number of stocks per section	îndex Ko.	Day's Change		Yield% (Act at (25%)	Clieti	nd adj. 1991 to date	index No.	No.	ladex No.	Index No.
•	1 CAPITAL GOODS (187)	847.17	-0.8	11.29	5.71	1 20.87	11.55	854.00	854.08	B62 51	828.50
	2 Building Materials (24)	11.074.34	-0.4	23700							
	2 Building Materials (24) 3 Contracting, Construction (31) 4 Electricals (10)	1346.10	-1.7	10.65							1338.01
•	4 Electricals (10)	2339 41	-ī.i							2406.41	
•	31 Electronics Cabl	17 SOM 65	al _n 1							1822 94	
•	6 Engineering-Aerospace (8)	451 16	1 _c a								
	7 Engineering-Conoral (47)	ARE 22	11 _aa								
	8 Metals and Metal Forming (8)	472 14	-1.2							461.57	
	9(Motors (1.3)	747 21	-67	12.33							
	10 Other industrial Materials (20)	1570 61	م ما	9.46							
	21 CONSUMER GROUP (185)	1449 17	-0.5	8.38						1524.45	
•	22 Brewers and Distillers (22)	1777.17	-0.3				11,93	1456,44	1452,78	1468.74	1169,79
	25 Food Manufacturing (20)	1104.03	47.3	9.07					1775.35		
	26 Food Retailing (16)	1104.73	-0.9	9.51							1018,27
-	27 Health and Household (21)	2075./3	-0.8	8.16			1				2202.62
	29 Hotels and Leisure (21)	223.55		5.91			20,72		3231.92	3266.34	2432 22
		1,344.90	-0.9	10.19			16.64		1346,15		1290.67
		1456.52	-1.7	9.60		13.07	17.84	1482.14	1481.01	1504.40	0.00
		672.04	-0.2	8.25			11,00	673.15	670.02	679.01	548 59
	34 Stores (34)	921.95	-0.6	9.05	3.92	14,31	2.37	927.92	917.76	921 31	709.99
,	35 Textiles (11)	528.69	+0,8	10.07	6.10	12.52	3.08	524.35		535.10	462 69
	40 OTHER GROUPS (108)	1205.60		9.98	5.01	12.26	9.64		1202.78		1083.36
1	41 Business Services (13)	1197.15	-0.6	11.22	4.99	10.91	8.36	1204 88	1191.85	1208.48	0.00
4	42 Chemicals (21)	1266.57	-0.6	9.21	5.65		23.86		1272 17		1160.40
•	3 Conglomerates (10)	1544.04	-0.6	10.86	6.66	11.01	12.84			1550.71	
-	14 Transport (1.4)	2168.17	-0.4	11 38	4.77					2181.80	2143.64
- 4	45 Electricity (14)	1175 78	-0.4	11.79			0.00			1183 55	0.00
- 4	6 Telephone Networks(4)	1440.64	10.6	9.23	3.47			1432 52			
- 4	7 Water(10)	2406 66	-0.6	14.09	5.82			2420.85			
. 4	8 Miscellaneous (22)	1B60 13	-0.8	6.48	5.02			1875.56		1897,79	
7	19 INDUSTRIAL GROUP (480)	1227 41	-0.5	9.48	4.52	12.95	11.34				1723.90
								1233.44		1244 19	1071.27
-	51 OH & Gas (20)		-0.9	10.25	5.43	12.71	40.03	2479.27	2449.95	2457.67	2182.00
4	9 500 SHARE INDEX (500)	1330.80	-0.5	9.58	4.64	12.92	13.58	1338.16	1332.78	1346 70	1163 90
6	I FINANCIAL GROUP (97)	817.99	-0.8		5.77	-	17.25	824.37	819.06	828.49	754.09
- 6	2 Banks (9)	914.45	-0.9	8.11	6.01	17.82	21.93	922 53	918 18	925.71	
6	5 Insurance (Life) (7)	1486.85	-1.8		3.57	27.00		1514.79		1529.76	771.97
6	6) Insurance (Composite) (6)	675 24	-1.1	_]	6.50		20.23	682.47	676.83	688.62	
	7 lasurance (Brokers) (8)	1154.31	-1.4	6.91	5.82	18.82		1170.95			
6	8 Merchant Banks (7)	423.97	+0.6		4.78	-0,02	4.47	421.40	1173.47 427.25	1186.31	
6	9 Property (40)	1010 71	+0.3	6.36	4.66	21.63				427.90	426.60
7	O Other Financial (20)	291 94		9.43	6.19	13.05	441	1007.59		1005.82	
7	1 Investment Trusts (69)	202.00	-0.1	- 7-5				E7E-10	290.91		301,81
÷	9 ALL-SHARE INSEX (666)	EU2.70			3.42					1212.33	
_	7 ALL-STARE INSEX (666)	L205.74	-0.6	_	4.76	-	14 09	1212 65	1207.44	1220.16	1065.51
_		Index	Day's	Day's	Day's	Apr	Apr	Acr	Aur		
ī		No	Chance	High (a)	Low (b)	23	22	19	18	4.	Year
	FT-SE 180 SHARE INDEXA		-15.2							17	390
	IL LAST TAR SUNUE THREWS STREET		-13.21	23UY,41	2483.5	2503.8	2490.8	2520.3	2538.4	2545.0	2143.1

FIXED INTEREST							AVERAGE GROSS REDEMPTION YIELDS		Tue Apr 23	Year ago (approx.)
PRICE INDICES	Wed Apr 24	Day's change	Tue Apr 23	Accrued Interest		1 2	British Government Low 5 years Coopons 15 years	9.64	9.21 9.65	12.05
Eritish Government 1 Up to 5 years (28) 2 5-15 years (30) 3 Over 15 years (8) 4 irredeemables (6) 5 All stocks (72)	130,52 139,09 155,25	+0.07 +0.16 +0.13		1,76 1,32 2,01 4,33 1,58	3.79 5.15 4.05 1.50 4.62	4 5 6 7 8 9	(0%-74,%) 20 years	IO.441	9.77 10.31 10.09 10.03 10.44 10.27 10.20 10.03	11.72 13.32 12.29
6 Up to 5 years (1). 1 7 Over 5 years (10). 1 8 All stocks (11) 1 9 Debs & Losos (54) 1	58.09 46.80 47.67	+0.01 +0.01	158.08 146.79 147.66 110.24	-0.19 0.59 0.56 2.70	2.72 1.52 1.56	11 12 13 14	Index-Linked Inflation rate 5% Inflation rate 5% Inflation rate 10% Inflation rate 5 yes.	3.78 4.12 2.89 3.92 11.87 11.64 11.43	3.77 4.12 2.89 3.92 11.86 11.64 11.43	4.87 4.26 3.84 4.07 16.28 14.12 13.51

	FIXED INTEREST							AVERAGE GROSS REDEMPTION YIELDS		Tue Apr 23	Year ago (approx.)
	PRICE INDICES	Wed Apr 24	Day's change %		Accrued Interest		1 2	British Government Low 5 years. Coopons 15 years.	9.21 9.64	9.21 9.65	12.05 11.79
2 3 4	British Government Up to 5 years (28) 5-15 years (30) Over 15 years (8) Irredeemables (6) All stocks (72)	120.69 130.52 139.09 155.25	+0.07 +0.16 +0.13	120.67 130.42 138.86 155.05	1.32 2.01 4.33	5.15 4.05 1.50	4 5 6 7 8 9	(0%-74,%) 20 years	9.76 10.30 10.07 10.01 10.44 10.25 10.19 10.02	9.77 10.31 10.09 10.03 10.44 10.27 10.20 10.03	13.32 12.29 12.01 13.43 12.59 12.31
6	Inter-Linkel Up to 5 years (1) Over 5 years (10) All stocks (11)	158.09 146.80	+0.01	158.08 146.79 147.66	-0.19 0.59	2.72 1.52 1.56	11 12 13 14	Tades-Linked Inflation rate 5% Up to 5yrs, Inflation rate 5% Over 5 yrs, Inflation rate 10% Up to 5 yrs, Inflation rate 10% Over 5 yrs,	3.78 4.12 2.89 3.92	3.77 4.12 2.89 3.92	4.87 4.26 3.84 4.07
9	Belts & Loans (54)	110.29	+0.05	110.24	2.70	2.65		Bels & 5 years Leans 15 years 25 years	11.87 11.64 11.43	11.86 11.64 11.43	16.28 14.12 13.51

RISES AND FALLS YESTERDAY LONDON RECENT ISSUES EQUITIES # # # 췙첧 FIXED INTEREST STOCKS

100 100p 100 100	F.P. F.P. F.P.		102 1039 1634 1634	1003 ₂ 80p 99 99	Hasson 94-ge; Cr. Bd. Litherhall 9pc Cr. Rd. Prf. 51. Litherhall 9pc Cr. Rd. Prf. 52. RMC Caphtal 88-ge Crw. Bds. 2006	1014	-4
			Ri	CHT	OFFERS		
Price P	Antoppot. Paid up	Latesi. Resonc Data	19 High	91 Low	Stock	Clasing Price P	+ or
rate, cover is 1990-71. H Writigad, cor estimates Ri Forecast, am Roomes, 4 Of	ested on pre Distributed a rer and pyle 19991-92 mailted dis forced to be	L b Floure t on tell ca trices and yield b M Divides richard, con	eartings. Seed on pro- stest areas of and yield or and pie	rospectios e anused dividend spectus or al carnings, I based on ratio base	AMES 509 BAPP 109 Berling Berling Berling Berling Berling Berling Berling Berling Berling Discount Ferror Ferror Ferror Ferror Hilgs 509 Gaell Resources Ferror Hilgs 509 Gaell Resources Hilgs 609 Hilgs 6 Hill Basis Johnes Hillerwitz 59 Hillerwitz 59 Hillerwitz 59 Basis Antralia Bark 851 George Group George Group Demes Abroad 59 Berlindses 6 Disklegal rate gaid or payable discount Group Demes Abroad 59 Berlindses 6 Disklegal rate gaid or payable discount from 150 Berlindses 6 Disklegal rate gaid or payable discount from 150 Berlindses 6 Disklegal rate gaid or payable discount from 150 Berlindses 6 Disklegal rate gaid or payable discount from 150 Berlindses 6 Disklegal rate gaid or payable discount from 150 Berlindses 6 Disklegal rate gaid or payable discount from 150 Berlingses 6 Disklegal rate gaid or payable discount from 150 Berlingses 6 Disklegal rate gaid or payable discount from 150 Berlingses 6 Disklegal rate gaid or payable discount from 150 Berlingses 6 Disklegal rate gaid or payable discount from 150 Berlingses 6 Disklegal rate gaid or payable discount from 150 Berlingses 6 Disklegal rate gaid or payable discount from 150 Berlingses 6 Disklegal rate gaid or payable discount from 150 Berlingses 6 Disklegal rate gaid or payable discount from 150 Berlingses 6 Disklegal rate gaid or payable discount from 150 Berlingses 6 Disklegal rate gaid or payable discount from 150 Berlingses 7 Disklegal rate gaid or payable discount from 150 Berlingses 7 Disklegal rate gaid or payable discount from 150 Berlingses 7 Disklegal rate gaid or payable discount from 150 Berlingses 7 Disklegal rate gaid or payable discount from 150 Berlingses 7 Disklegal rate gaid or payable discount from 150 Berlingses 7 Disklegal rate gaid or payable discount from 150 Berlingses 7 Disklegal rate gaid or payable discount from 150 Berlingses 7 Disklegal rate gaid or payable discount from 150 Berlingses 7 Disklegal rate gaid or payable discount from 150 Berlingses 7 Disklegal rate gaid or payable discount from 150 Berlingses 7 Disklegal rate g	edal estima dated asses dated asses der other o 1992, Q Gr s. W Pro 1	eritsed fficial cos. R Foresa

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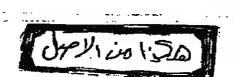
LONDON TRADED OPTIONS Bal, Steams 360 19 36 45 1 7 12 Stee Circle (*577) 390 1 17 26 14 20 24 (*245) # 4 57 \ 11 25 \ 16 28 22 38 45

FOOD INDUSTRY

The FT proposes to publish this survey on May 10th 1991. May 10th 1991.

It will be of particular interest to the 61% of European Chief Executives in food and related industries who are regular FT readers. If you want to reach this important audience, call Jonathan Wallis on 071 873 3565 or fax

FT SURVEYS



Interest helps push Lilley down 26%

By Richard Gourlay

LILLEY, the Scotland-based construction and contracting group, yesterday reported per cent fall in pre-tax profits in 1990 after a sharp increase in interest costs following its failure to take over fellow con-struction and property group Tilbury last summer.
Taxable profits fell to

£14.14m from £19.06m on sales up almost 10 per cent at tis23.04m. Earnings per cent at fell to 7.99p (9.55p) but the directors are recommending a maintained final dividend of 1.5p, for an unchanged total of

2.5p.
The failed takeover left Lilley with a 29.9 per cent stake in Tilbury and cost it £5.31m (£1.58m) in interest before the stake was sold in November. The £8.41m on the sale appeared an extraordinary item.

Interest on ongoing activities also rose to £3.18m (£246,000), largely because the increased carrying cost of completed development properties.

Debt fall to £31m (£48m) and
gearing fell slightly from 114 to
98 per cent, excluding £17m of
the fall to £48m and the fall to
98 per cent, excluding £17m of
the fall to £48m and the fall to
100 fell to
10 associated company invest-

ments.

Sir Lewis Robertson, chairman, said the result was "not bury have also positioned it well geographically to take advantage of any upturn in the

might not lead to an offer being made at a price materi-ally lower than the current

The announcement sent the

The announcement sent the shares plummetting 7p to 11p.
At 18p, they were standing at their lowest point since the company joined the USM in April 1989, representing a steep decline in the company's market value since I floated II

175p per III.
Ibex's market capitalisation
yesterday's closing level was

financial eliter said they could provide no further infor-

Last September, the com-pany reported that it had just broken even in the six months

mation on the situation.

By Clare Pearson

market value.

Ibex talks could lead to

offer below market value

IBEX, the USM-quoted to end-June, producing pre-tax recruitment and employment agency, said yesterday that it was in talks that might or was after the corresponding period. That

unsatisfactory", given the tough market conditions. The decline had resulted from the property and housebuilding activities but sales and profits in the construction-related operations had improved. The group had opened offices in the Midlands and south of England and was well positioned to take advantage of a turnround in

advantage or a turnround in the economy.

Currently Lilley has a land bank sufficient for four years.

Mr Bob Rankin, chief execu-tive, said the company planned to cut this to two and a half years, releasing about £10m of cesh for debt presument. cash for debt repayment.

He also said that Lilley was

well positioned on the con-tracting side because it concentrated on small-sized "bre and butter contracting

Judging by the share price, the market views Lilley as something of a bad penny. But like all coins it has two sides. Operationally, the contracting side has consistently outperformed the section in terms of marking the sector in terms of margin. Small acquisitions since last year when it failed to buy Til-bury have also positioned it

£477,000 (£169,000). Earnings per share were nil

(5.7p).
Mr Hugh Laughland, chairman, then blamed the deferioration on a "substantial reduc-

tion" in demand for the

's services. Turnover was up 217.77m o owing to an increased number of

He also said the company had agreed to sell P&M, its advertising business, for

The other main businesses

rie other main businesses are Austin Benn, a recruitment consultancy for sales and marketing staff and ARC Contract Services, which supplies temporary staff for the construction, warehousing and distribution industries.

This announcement appears as a matter of record only

Telefónica

Pesetas 30,000,000,000

Notes due 2001

nominal sum.



Sir Lewis: construction-related operations had improved

economy. The problems lie in the balance sheet. Gearing down marginally at 98 per cent obscures at least £17m of off-balance sheet obligations relating to its share of properties in associate companies. Not only do the two largest properties remain unlet but interest that capitalised their

completion will now directly have impact on revenue from companies. Proposed sales will help, as will a reduction in the land bank. Nevertheless brokers are forecasting £13m pre-tax profits for this year, giving 6.3p of earnings and a prospective multiple of about 8.

Disposal helps limit fall at British Dredging

By Peter Pearse

IN 1990 – a period when the UK building trade hit a severe recession – British Dredging managed to limit its profits fall to just under 14 per cent, from £4m to £3.45m. The final dividend is raised

to a proposed 4.8p, to lift the total from 7p to 7.4p.

This marine dredging company is also involved in the supply of the land gravel, the manufacture of paving blocks, other concerns and drawing blocks.

other concrete products and tiles, builders' merchanting and ship repairing.

Mr Fane Vernon, chairman, Mr Fane Vernon, chairman, said that the structure of the group was changed significantly during the year by the sale in April of a 50 per cent stake in British Dredging Aggregates to RMC Group for 24.39m and by July's acquisition of Selco Trade Centres, the building materials supplier, for an initial 23.5m.

Mr Vernon noted that the 2443,000 contribution from Selco partly offset reduced trading profits from established operations, where concrete products fell to £792,000 (£1.23m) and marine aggregates (£1.79m).

Group profits were down by £1.42m at £1.9m, though the share of profit of associated undertakings and £308,000 may and interest almost dou-bled to £1.25m (£674,000). Earnings slipped to 18.08p per share. There was

an extraordinary gain of £2.58m (£322,000) relating mainly to proceeds from the disposal to RMC.

The company was proud of its "very strong" position, with net short-term cash deposits, learn notes and investments at

loan notes and investments at the year-end totalling 27.2m

Amstrad cuts Micron stake to raise £19m

By Michael Skapinker

AMSTRAD, the UK electronics group, has sold part of its stake in Micron Technology, reducing its holding in the US semiconductor manufacturer

from 9 to 3.7 per cent.

Amstrad said that the sale raised £19.1m. Amstrad bought its stake in 1988 for £45m. Last year the UK company recorded an extraordipary icharge of £17.4m to account for the fall in value of its Micron shares.

its Micron shares.

Mr Alan Sugar, Amstrad chairman, said two years ago that the investment had been "a lousy deal". He said last month that he intended eventually to dispose of the entire Micron stake. Mr Sugar said the reason for the sale was: "Cash, me old mate. Dosh." The company needed to maximise its liquidity, he said.

Amstrad's taxable profits Amstrad's taxable profits for the first half of 1990-91 rose 33 per cent to £40.1m. But Mr Sugar has warned that the company will do well to make

company will do well to make a profit in the second half.

Amstrad bought the Micron stake to ensure a reliable supply of dynamic random access memory (D-Ram) chips, used in the manufacture of its computers. Mr Sugar has since concluded agreements with several semiconductor company. several semiconductor compe-nies and believes Amstrad will have no difficulty buying the chips it needs.

Amstrad said the sale was made because of the recent strength of the Micron share price and not because of a lack of confidence in the company.

Trading decline sees Dencora fall to £2m

With the management preferring to retain commercial properties rather than sell them at the depressed prices of 1990, Dencora, the East Anglian property group, saw profits fall from 27.06m to 22.21m pre-tax in the 12 months to end-December.

Net asset value was down 17 per cent at 280p (336p). Turnover dropped to 234.34m (241.22m), with a contraction in trading to 11 am (236.1m) and an expansion in region and an expansion in rental income to £7.04m (18.1 an Net

rations to 27.04m (the last Net interest payable was last at 25.35m...
Fully diluted carnings tumbled to 7.7p (21.6p) but the single dividend is maintained at 5.5p. Bank borrowings at the respective way at 271m. year-end were up at £71m;

BOARD MEETINGS

800. I
May 1
May 25
May 10
May 2
May 1
May 30
Apr. 30
May 1
Apr. 26
May 2

ADT reveals \$96m provisions against sold Sechura businesses

By Peter Martin

ADT, the Bermuda-based auction and security group, has made provisions of \$95.7m (256m), against businesses recently sold by Sechura, a Canadian former associated company in which Mr Michael Ashcroft, ADT's chairman and chief executive, has revealed an interest.

In a footnote to its annual report, filed with the Stock

Exchange yesterday, ADT revealed that last year Sechura disposed of a string of lossdisposed of a string of loss-making businesses, and reor-ganised its capital structure. As a result of that restructur-ing, ADT's former 47.8 per cent interest was eliminated. Consequent on Sechura's restructuring, said the annual report, and "given the uncer-tainty with respect to the future value" of the businesses Sechura has disposed of ADT

Sechura has disposed of, ADT recorded "provisions totalling \$95.7m against the carrying

value of ______ by and in _____ operating businesses".

The ADT report added: "While the may may recover a portion of this sum, the amount and timing uncertain."

The businesses Sechura dis-posed of had been sold to it by ADT in 1987.
Documents issued in December 1990 as part of Sechura's restructuring said that Mr Michael Ashcroft and his wife, Susan, between them owned 29.1 per cent of voting shares in Sechura. Earlier this month Laidlaw,

Earlier this month Laidlaw, a Canadian waste management group which owns 28.4 per cent of ADT, sued the Bermudabased group in a New York court, alleging that transaction ADT and Sechura had led to an "illusory profits for ADT. The were rejected by

ADT, which threatened counter-suit for defamation. Laidlaw withdrew its suit last week following an agreement that gives it four seats on the ADT board and ensures that outsiders outnumber exec-utive directors there.

Laidlaw insisted, however, that it had only withdrawn, not dropped, its case against ADT and said that investigations into its allegations would continue through an audit committee set up by the new

independent directors.

The ADT annual report makes no mention of Mr and Mrs Ashcroft's stake in Mrs Ashcroft's stake in Sechura, and "There were no contracts of significance during or at the end of the year in which a director of the company is, or was, materially interested."

ADT shares closed 3p lower

yesterday, at 86p. See Lax

Poor second half as CI dips 38%

By Jane Fuller

CI GROUP, the formerly the steel division. and engineer-concern, pre-tax profit fall 38 per cent to £4.83m in the

year to January 31.

The decline, from £7.77m, came in spite of a 9.5 per cent turnover increase to £93.75m (£85.61m). CI said this was accounted for by acquisitions

early last year.

Mr Albert Hargreeves, chairman, said the pain of UK recession had been felt since October. Only £1m was added to interim pre-tax profits of

In the steel division, turn-over expanded 8 per cent to £49m, but pre-tax profit fell \$4 per cent to 23.2m. Worst hit had been sales of reinforcing material to the construction industry.

Engineering turnover rose 11 per cent to £44.7m, but profit fell to £1.62m. The capital goods business slipped into loss as sales plummeted by a

Early this year, Mr Cedric Grew, a driving force behind the acquisitions policy,

resigned as cris executive.

He was represed by Mr Rob
Yates, the farmer head of

Mr Hargreaves had ocused on the problem areas of reinforcing, capital s and part of the foundry business. I I in the been closed and further rationalisation was going on. An extraordinary charge of £1.46m (£696,000) was made.

Some unspecified costs were also incurred above the line, as

the workforce was cut by 7 per cent to 1,500 and Mr Grew was paid off.
Mr Hargreaves said the

group had grown quickly and encompassed 20 companies. encompassed 20 companies.
"But probably 30 per cent of
the turnover is generated by 20
per cent of them."

It would concentrate on
areas where it had a significant market share or a concen-

cant market share or a concentration of management skills. A prime example was industrial flooring, where Redman Fisher Engineering had won a Queen's Award for export.

Operating profit fell to 28.64m (29.31m) and interest charges from the street of the

charges rose to £1.81m (£1.55m). Year-and gearing was reduced to 40 per cent (44 per cent) of shareholders' funds of

£16m (£17m). Capital spending was cut from £3m to £2.5m.

Earnings per share slid to 3.77p (5.93p). A slightly reduced final dividend of 1.225p leaves

the total unchanged at 2.05p. • COMMENT Several nettles have been grasped at CI, as the changed grasped at CI, as the changed leadership has given belated priority to managing recession rather than growth by acquisition. Cash has started to move in the right direction and orders have picked up since a dismal February. With 79 percent of sales in the UK, the group has obvious vulnerability and many uncertainties

group has obvious vulnerability and many uncertainties remain, not how much more the reorganisation will second-half improvement might rescue profit to another £4.8m, prospective p/s on yesterday's 29½p. Its 25 per cant discount to the engineering sector reflects uncertainty and the results the reorgani-

sation. Until the picture is clearer, the share price unlikely to make much head-

Fall in US visitors hits Partridge

dealer warned shareholders that trading in the current by in fall in the number of visitors, particularly from

Shares of Partridge Fine Arts
yesterday fell by 6p to 78p
after the antique furniture
that the decline in trading
would hit first half profits. The

the US. Mr John Partridge, chair-man, told the annual meeting

until more people came to the UK. \$13.2m for the year to end-Oc-tober, although pre-tax profits advanced 28 per cent to \$4.1m

as a result of increased cash TRROUTCRE. **DIVIDENDS ANNOUNCED** Total last year for 10 July 1 7.4 2.06 5.5

pence per share net except cherwise allowing scrip fon capital acquisition successful successful scrip successful successful successful successful successful successful scrip successful s

IN BRIEF

PEEK has acquired 80 per cent _ of Philips Verksers-en Vervo-erssystemen, a subsidiary of Philips of the Netherlands, for an initial Fl 13.1m (£3.9m). Condderation will be satisfied via the issue of 6m ordinary shares, with any balance in cash. Peak has an option to acquire the remaining cent within three

ROYAL BANK of Scotland is transfer the business of its Chicago, Houston and Los Angeles main offices in New York and San Francisco.

SAATCHI SAATCHI: acceptances under the rights issue, including subscriptions and commitments by certain US shareholders in a private US placement, have been new ordinary, or 89.5 per cent. Directors and others have subscribed and committed \$5m in of the management



Insurance Communication

ARDON N.V., registered offices at The Hague, This Manhattands Sharifulders are invited to amond the Annual General Marging

of Shareholders to he held in the "Residentiezeal" of the Promenade Hotel, I Was Stolkweg, The Hague, The Washington Thursday, May 16th, MIN W LIN p.m.

2.1 Appointment a shareholder for a drawn and signing of this of this Meeting.
2.2 Statement about the determination of the minutes of the Meeting of

May 17th, 1990.

Report, approvel a annual accounts components of the dividend concerning ms 1990 financial year.

Information which is in the first quarter of 1991. (Re)appointment members iff the Supervisory I as per IIII

16th, 1991. Washington in Supervisory Innul in 1992.

Iles Allas m less a subordinated essentials in berner loan.

Appointment of auditors. Designation and authorization as respectively IIII down in article 5, paragraphs 1 and 2, 📶 💵 4, paragraph 🜃 in the Articles 🗃

10. Further information from Executive

11. Manage arising.

12. Dames and closing.

The agenda with explanations, annual manual the report 1990 with the and required by law, as well as the and information required by law with passed to Day (re)appointment of members of the Supervisory are available to shareholders are of charge from the present until the end of the Meeting . Company's offices in London, Holders 🔟 shares 🖿 🔛 📥 or their proxies shall be admitted to 📺

Meeting on production of a voucher showing that their was certificates or their manager share certificates respectively have been lodged in the United Kingdom at the Amsterdam-Rotterdam Bank N.V. in Limital The lodging man and place on May 10th, 1991 at the larger

The Executive Board

The Hague, April 24th, 1991

Mariahoevaplein

Sarah Maria Salah

anco di Rog

J.P. Morgan S.V. y B.

Banco Bilbao Vizcaya, S.A. Caja de Madrid Banco Urquijo Grupo March

Caja Postal

Banco Exterior Internacional, S.A. Banco Central, S.A.

Commerzbank Aktiengesellschaft, Sucursal = España

Agent

Banco Hispano Americano

J.P. Morgan S.V. y B.

April 1991

Banco Hispano Americano

Banco Español de Crédito (Banesto)

Banco im Progreso, S.A. Grupo March

FG Inversiones Bursátiles, S.V. y B.

Banco Hispano Americano

CECA - Ahorro Corporación

Banco Santander

Bankinter

BNP España (Grupo Banque Nationale de Paris)

Caja de Ahorros y Pensiones de Barcelona

BUSINESS LAW

good timing

over VAT

By Dominic Taylor

THRRE ARE few opportunities more will me than that of

using someone else's money.

free of charge. When that

opportunity is offered by the

government to exporters of

goods in the form of a cash refund of tax not yet paid, it

would be madness not to take

ring lending to private sector; building societies' net inflow

130.2 130.9 121,4

This notice is issued in compliance with the requirements of the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The Stock Exchange"). It does not constitute an invitation to the public to subscribe for, or purchase,

Listing Particulars relating to Swallowfield plc have been delivered for registration in accordance with Section 149 of the Financial Services Act 1986 to the Registrar of Companies in England and Wales. Application has been made to the Council of The Stock Exchange for the issued Ordinary and of 5p each in Swallowfield ple to be admitted to the Omeial List. It is expected that dealings will commence on the Official List on Thursday 25 April 1991.

Swallowfield plc

Introduction to the Official List

SHARE CAPITAL isseed and fully paid Number / Ordinary shares of 5p each

Details of the above mentioned shares are included in the Companies Fiche Service available from The Stock Exchange. Copies of the Listing Particulars relating to Swallowfield plc may be obtained during normal office hours for the next two business days from The Stock Exchange Company Announcements Office, 46-50 Finsbury Square, London EC2A 1DD and on any weekday (Saturdays and public holidays excepted) up to and including 9 May 1991.

County Nat West Wood Mackenzie Swallowfield House, & Co. Limited. 135 Bishopsgate, London EC2M 3XT Station Road, Wellington, Somerset TA21 8NL

25 April 1991

WOOLWICH **BUILDING SOCIETY** £150,000,000 Floating Rate Notes

Due 1995

In accordance with the terms and conditions of the Notes, notice is hereby given that for the three month interest period from (and including) 23rd April 1991 to (but excluding) 23rd July 1991, the Notes will convent interest are of Notes will carry an interest rate of 11% per cent, per annum. The relevant interest payment date will be 23rd July 1991. The amount per £5,000 will be £43.81 and per £100,000 will be £2,976.20

Hambros Bank Limited

BRITANNIA **BUILDING SOCIETY**

£150,000,000 Floating Rate Notes Due 1996

In accordance with the terms and conditions of the Notes, notice is hereby given that for the three mouth interest period from (and including) 24th April 1991 to (but excluding) 24th July 1991, the Nones will carry an interest rate of 11.975 per cent. per aum. The relevant interest payment due will be 24th July 1991. The coupon amount per Note will be £298.55 payable against surrender of Coupon No: 19.

Hambros Bank Limited

UK COMPANY NEWS

Hardy Oil & Gas calls for £27.6m A case of

EARDY OIL & Gas, the exploration company demerged from Trafalgar House, yester-day launched a 1-for-4 rights issue of 178m shares to raise

Shareholders will be offered new shares at 160p apiece to enable the group to invest in further exploration.
The cash call was accompan-

ied with an up-beat profit fore-cast for the year to March 31.

Group profit tax is expected to almost double to £10.1m (£5.1m), after taking into account estimated Petro-leum Revenue Tax credits of

However, the recent fall in oil prices forced the group to

warn that the current year's warn that the current year's trading profits might be "adversely affected", despite hedging two thirds of its oil production. Analysis profits and fall by

Hardy's share price — after an initial fall of 10p — recov-ered to end the day 5p down at

The link month the cannification gas find in the North Sea, 150 miles east of Abermarket two years ago. It has also announced discoveries of potential signifi-cance in the US, Canada and

ing up a portfolio of explora-tion acreage, with stakes in noted oil-bearing regions such as the Gulf of Mexico and Western Australia.

Mr Peter Elwes, chief execu-tive, said he wanted to build on the recent discoveries. The rights issue was an exercise "in cash flow management." It would help lum the exploration which would generate the group's income. He also hoped it would help

reduce borrowing, although he added that since the group's debt was all was not under any pressure to tap the equity market for cash. Hardy's share of the develop-

gas field and the acquisition of interest in the producing Harriet oil field in America have been financed largely by month some had been

Mr Elwes hoped the contri-bution to profits from the sale of gas – particularly from Ravenspurn, which is priced in sterling and not subject to abort-term price fluctuations would do much to unise the instability of the oil price.

To finance acquisitions and drilling in North America the has arranged in \$60m credit facility. It the

Ashtead seeks £5.8m and sees profit fall

THE ONRUSH of equity financing in the construction industry continued yesterday when Ashtead, the acquisitive plant hire group, announced it was ready approxi-mately 25.8m net of expenses in # 1-for-4

rights issue.
The issue of 4.49m new ordinary shares at 135p represents 15.6 per 1.1 represents the price. Yesterday the to Tuesday's market price. Yesterday the shares slipped 2p to 158p on the news. The new shares will rank for the final dividend for the year to April 30.

The move is aimed at strengthening the

group's financial position it to take advantage of the opportunities for expansion in the wake of the recession, "Our competitors clearly have had a

horrid time, and we expect more to go into receivership as improve," said Mr Peter Lewis, chairman.

Historically in The Control of the Contr

like they are going to be able to sell their assets, he explained.

Additionally, Ashtead considers that the highly-fragmented UK plant hire industry leaves it with significant scope for further expansion.

The group's strategy through the cur-rent UK recession has been to maintain its business infrastructure of 49 profit centres and increase its market share even at the expense of short-term profitability.

tead forecast a near-halving of pre-tax profits for the year to April 30. In the absence of unforeseen circumstances profits will be not less than fam and earn per share not less than 14.30,

This represents a 49 per cent fall in profits from last year's \$7.82m and a 50 per Trading well-

second half, folic disappoint ist £2.5m (£3.6m).

Operating margins, although still among the highest in the industry, slipped from 20 per cent in the second half, resulting in a forecast of 19 per cent the whole year.

Pending acquisitions, the proceeds of the rights issue will be used to reduce borrowings which have risen to about £14m. Gearing, which stood at over 83 per cent at the year-end will come down to about 40 per cent, directors said.

the form of this year's results, and now we stand a better chance to benefit from any upturn in the industry," Mr Lewis

On the ball of profits a final line group expects a final lindered of not less than 3.025p making a total

Devenish hits back at criticism on strategy

DEVENISH, the West Country brewer fighting off a hostile bid from Boddington, yester-day presents first detailed response to the all of un like strategy by the pubs, hotels and health-care group.

Directors met with advisers

to begin drawing up "a line by line rebuttal" to be sent to shareholders by May 6, 14 days after Boddington issued its for-mal offer document. Mr Michael Cannon, chairman of Devenish, responding to allegations that his company had committed a U-turn in

buying and then selling whole-

salers, accused Boddington of the "higgest ever U-turn" in brewing history. Mr Cannon said: "Ours was a

blip of a U-turn compared with their massive blunder. The sale of our wholesalers was just a short, sharp reversal of strategy which generated a healthy profit. The same can not be to buy and then sell its brew-

Berlindler broght are Oldham Brewery in 1982, followed by the acquisition of Higgs Brewery three years later. To group's brewing business then sold by November 1989.

The group said it recognised that "the longer term prospects for profitable growth linked to breath and brank ownership In response to Boddington

accusation that Devenish had failed to achieve its ambilities of increasing its estate in 400 to 1,000 houses. Mr Cannon said he still in the buy more pubs but only when the price is right".
The West Country brew

already buying individual pubs but admitted that it has put its plans to bid for a for a larger

I shareholders' money on advertising Newquay Sum brand. He said the promotional expenditure had worthwhile and ball housed push up sales to about 100,000 He select "The board's

group of pubs on hold until the hig brewers drop their prices. Mr Cannon also denied Bod-

investment in Newquay Steam achieved its purpose. How does Boddington expect to launch a new product without advertis-ing?"

(iii.43m) and interest receive

Hopkinsons static

after restructuring

saw its restructuring virtually

\$42.37m (DELOCE) inve continuing operations. This turned

of TELL (IE117,267). Losses

Warning hits Jessups share price

by 9p to 46p yesterday after the Essex-based vehicle distributor unveiled I first-half loss, a reduced interim dividend and a warning on prospects for the

According | Mr Alan Jessup, chairman, losses of £189,000 (profits £975,000) for the half-year to end-February downturn in new to both the retail buyer and the

Turnover was relatively resilient at £44.98m (£48m) although the effective decline in sales was masked by "compensations from afternies activities".

Losses per share worked through at 3.94p (earnings of 5p). The interim dividend is cut

Shani rides highstreet recession

in spite of the recent gloom in the high street, Shani Group, the USM-quoted company which manufactures and supplies womens' and children's wear, yesterday reported a marginal in interim

The for

NOTICE

The Sound of Directors of TUNGSRAM Co. Lad., (1340, Budapast, Váci ét 77, Hongary) hereby sotifies that the Company shall hold its Extraordinary desaid Meeting on the 29th May, 1991, at 1 p.m. in the Bund Room (No. 111) of the

mpany at the above address.

The agenda of the Extraordinary General Meeting shall be as follows:

1. Submit 1990 Balance Sheet and Profit/Loss Report - dacide on its

According to \$13 of the Articles of Association only those shareholders are entitled to vote at the extraordinary general meeting whose shares have been deposited at the latest three days before the meeting with the Central Corporation of Banking Companies (1095). Budapeat, IX. Samuely a. 38, Hungary) of deposit, or who have shown the brief of their registered deposit from the deposit book issued by the Board according to the deposit book.

According to \$13 of the Articles of Amoriation, the shareholders may reise their right of voting personally.

The certificates of deposit and authorizations have to be presented by shareholders of their representatives duly completed on 29th May, 1991 between 1 p.m. and 1.45 p.m. in room 114, at the above address of the Company (1340. Budapest, IV. Vici út 77, Hungary) where the members of the general meeting will receive the certification catifing them to vote.

approval;
Board of Directors' Report on 1990 business year;
Board of Directors' Report on 1990 Business Plan;
Capital supply survey;
Approve TUNGSRAM 1991 Business Plan;
Elect members of the Board of Directors;
Elect members of the Supervisory Board;
Accountances

months to end-January £12m were disclosed in the 2755,000 E-124 £755,000 came on turnover down some 9 per cent in \$5.92m (26.52m). Mr Maron India chairman, improved manufacturing and

peraculal efficiency.
The interim dividend is maintained at 1.5p, payable from earnings of 3.5p (3.3p) per

Aran Energy raises stake in Alba field A much reduced the usual left

net profits at Aran Energy, the Dublin-based oil and gas exploration sharply lower in

After a lime middle of I£54,000 (E1m) profit came to 12390,000. or dering £352,000 sterling, against I£646,000 previously. Earnings per share fell to 0.19p Aran also announced vester

day that it has raised its interest in the Alba oil field from 3 per cent to 5 per cent through an assets swap with Conoco, the the swap with Conoco, sam (£2.34m). During 1990 a rights issue to

raise some I£37.4m was made to fund exploration activities. Kleinwort p&l will

cover £12m loan loss

Kleinwort Beason said yester-day that losses on its loans to Ojal Capital had been fully pro-vided for in its 1990 accounts, writes David Lascelles.

group's which was released on londay. The sions were included in the

aside leaf to r. Ojai Lattal was formed by Mr Kenneth McCormick, a former Kleinwort director, to estate and business start-up ventures. Kleinwort decided last year that the venture was no longer financially viable.

Nel assets fall al Ldn Amer Ventures

London American Ventures Trust reported not walte down to 57.31p per share at March 31 1991, against 66.41p a year earlier. Pre-tax profits for the year

were £36,000, against losses of £122,000 last time. Tax took £12,000 (£166,000 credit) and after minorities, the deficit per share came to 0.0 (0.07) earn-

Oliver Resources losses reduced

A significant reduction in the exceptional write-off of deferred exploration costs enabled Oliver Resources, the Dublin-based oil and gas exploration company, to cut pre-tax-losses from 121.93m to 12780,238, or 2509,000 sterling. in the year to October 31 1990 Operating losses of this USM-quoted company came to I state (12426,442), exceptional charges of 10.1

INFRASTRUCTURE FUND

SICAV 6, sresse, Knille Resser

LUXEMBOURG
B.C. Lameabourg R34248
Notice is hereby given to the
shareholders, that the

ANNUAL GENERAL

MEETING

of simulations of Norman. Asian before structure Pand will be hold at the registered caffee on Pricky led May 1991, at 10.00 a.m. with the following

Submission of the reports of the heard of discotops and of the subline.
 Approved of the smooth accounts and of the statement of operations as at December 31st, 1996; appropriation of the results.
 Discharge of the electron.
 Subtroys appointments.
 Miscollancess.

The shausholders are orbined that me are required for the items on the the senset general macking and the decisions will be telms on im-ple anjority of the sense present or represented as the members.

in order to attend in meeting of Nomera Asian Infrastructure Pand SICAV the owners of bears shares will have to depute their shares five clear-days before the meeting at the registered office of the company or with Northera Bank (Literathous) S.A. 6 meeting Resister, Literathous,

The Board of Discepts

Net assets dip 20% at First Charlotte First Charlotte Assets Trust

blamed the recession in the UK and consequent "adverse mirronment" for small companies for a near-20 per cent decline in net asset value over its last financial year.

Nav per 5p share at March 31 was 9.77p, down from 12.15p. Net revenue totalled £147,00 (2165,000) for earnings of 0.20 (0.22p) per the line single distribution at 0.2p.

Ensign Trust completes Argosy sale

Michiyo Nakamoto

Ensign has completed the disposal of Argusy Asset Blanagement, its wholly-owned investment management subddiary which is being wound down after losing the manage-ment in March of the main Merchant Navy sion Fund valued at £1.5km. Ensign, 78 per cent owned by the MNOPF, u selling

Argosy's remaining interests to Aberdeen Trust for £900,000 Earlier this month it amounced the sale of the bulk

Argosy's investment man-agement interests to Ivory and Sime for £1.75m. Ens. also owns 39 per cent of Aberdeen's hare capital.

The interests in be sold include those in Argosy's fund management subsidiaries in Australia, Luxembourg, Scot-land and Finland.

advantage of it.

This has certainly been the view of a number of manufacturing exporters in relation to value added tax and, until Customs and Excise attacked the Philips Klectrical group of com-panies, at the end of 1989 the

arrangement apparently worked well. How that arrangement operated demon-strates a principle of VAT which is of interest and potenwhich is of interest and poten-tial benefit not just to export-ers but to all those who pay it. The events which followed the attack on Philips reveal a good deal of confusion in VAT administration policy. The scheme, if it can be

called that, used the simple mechanics of VAT to achieve a substantial cash flow benefit. It works as follows.

A business which sells only to UK customers those sales at the standard rate of 17.5 per cent. It will pay over to Customs the tax which it to Customs the tax which it charges and collects (output tax) having first deducted from that payment the amount of VAT paid to its own suppliers on purchases and other disture (input tax). A which sells goods for export does not charge VAT on those sales (they are zero-rated) but can claim back its input tax from Customs, is, it receives repayments of VAT. The difference between the two types of dington charge that Devenish had wasted millions of pounds ence between the two types of built is that an export business can claim its VAT repayments monthly, whereas most maines which have to their customers VAT make returns and account for VAT quarterly.

both standard-rated sales in me UK and zero-rated export sales would normally make three-monthly VAT returns. Such a company can improve substantially its cash flow by selling the exports through a subsidiary, registered sepa-rately Tar. The company then makes monthly returns, claiming of the tax charged to an sauce by the parent, up to 10 weeks fore that same tax has to be pend by the parent to Customs and Excise.

The advantage to gained by doing this was recognised by a number of companies manufacturer, reported static profits — I — a year which long ago as the early I when VAT was first introduced the UK. They have Sales fall 21 cent from 260.34m to \$47.82m, including the system successfully since then, and with at least tacit approval from land and cretionary agreement to the use of monthly returns.

into operating profits of £4.7m (25.7m), including \$4.19m (24.42m) from continuing operations. The interest and other income amounting to However, for reasons that never been made clear, Customs took exception to the operated by Philips. Philips' appeal went first to the VAT Tribunal where Philips \$2.02m (£1.02m) the taxable result was unchanged at then to the High Court in May last year where Customs conceded defeat having agreed the tribunal's decision An unchanged final dividend of 2.5p is recommended, making a total for the (3.5p) on reduced earnings per share of 8.01p (8.5p).

at the same time, Customs asked the judge, Mr Justice Roch, to give his view on the critical point of the tribunal - whether or not Philips had made a "supply" to

Philips had made a supply to the export company. Originally, Customs had informed Philips that there was in its view no supply of the goods to the export com-pany and the supply for export was in fact made direct from the manufacturer. Thus there was no tax to be charged between the companies and no claim to input tax to be made

The tribunal supported Customs, saying that if the export company did take ownership of the goods at all, it was for so fleeting a moment as to be compared with an inter-city express train passing through a station. There could there-fore be no supply made under those conditions. In the High Court the matter

was settled by consent, leaving Philips to continue with the scheme subject to agreed con-ln the judge's opinion there was no requirement in the TAT legislation as to the length of time for which a transferse should have ownership at the goods to establish that a supply had been made to

He went on to make the incisive comment that any other Interpretation would create considerable difficulties in the levying and recovery of VAI particularly in chains of transactions where title might pass instantaneously through a number of persons.

There is much to be read.

between the lines in this case the case that, having argued the point successfully at the VAT Tribunal Customs sud-denly realised that the decision

would cause enormous admin istrative difficulties. This shows an unexpected lack of foresight in a department responsible for an important part of government policy.
In any event, there was a clean and simple alternative

for Customs. Monthly returns are allowed at the discretion of the commissioners and, if they wished to make Philips an exception to the generally per-missive treatment accorded to exporters, the commissioners could have directed Philips Exports Ltd to make quarterly

This would have largely crased the cash flow benefit of the scheme to the company. To reverse that direction, Philips would have had to show that ing unreasonably in denying hem the monthly facility.
What then prompted Cusms to take the action they

did? To understand their did? To understand their did. To understand their did not that the VAT timing point used in the export scheme is a general feature of the UK VAT system and can provide a benefit even without intentional As the quarterly tax periods

allocated to businesses for VAT accounting are not all coincidental (Customs could not cope with 1.4m returns at one time) there are three differquarterly return groups, maximum variation in period ends being two months. In large commercial transactions, particularly property transfers, this can be impor-tant because the VAT charge on a sale can be a cash flow a benefit, depending upon whether the vendor man account to Customs for the output tax before or after the purchaser obtains the benefit of his claim to the input tax.

There have been wholly contrived cases, which have denomstrated the timing point only

too well and have rightly been stopped. The year, instance, the enterprising individual who registered two businesses with conveniently overlapping VAT periods. He then "sold" an article of jewellery at growly inflated price immone to the other, thareby creating charge of VAT which could be claimed as input tax and banked for the remaining time before it to be paid over as output tax by

never been too happy when the timing works against them, despite the rigidity of the tax point regime which they insist must be an about the property.

When VAT was introduced on land and buildings in 1989, II was pointed out in the department that businesses might suffer if they had to wait for three months to claim the substantial input tax on the purchase of new premises. At that time, Customs said that they would consider making early repayments of tax in

such cases, before the normal quarterly period end. In reality, the is quite different. Businesses which make unusual claims to repayment tax must undergo time-consuming credibility taxas even where the claim is made at the normal time. These will frequently involve visits from the local VAT office before their claims are approved for payment. Some of those checks are to that the vendor has properly accounted for the tax which includes a check on the due date for payment.

This attitude is an unmecessary source of annoyance, as well as cost, to the trading repayment of tax must

well as cost, to the trading community. On the whole, I VAT system works to advantage of the Revenue. However, the system which provides for easily administered, self-assessed tax collection at each stage of the journey from production to final consumer inevitably contains in its circuits by in its structure benefits for some taxpayers. This should be accepted by Customs. Further, the civil penalty

system, progressively intro-duced since 1985, allows for litno mitigation when errors or are made by taxpayers. It is tempered only by a concession that in cases where Customs are extremely late in making repayments Customs will pay a compensation supple

Because these sanctions against underpayment of VAT are heavily biased in favour of the Revenue it is hard to see the justification for tilting the administrative balance it the collection system any further in favour of the department. If a realisation of that fact was at least part of the reason for Customs withdrawing from the Philips case, it would be an encouraging sign of as yet unseen maturity in the admirof VAT.

The author is senior tax manager at City solicitors Ashurst Morris Crisp.

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HYPO

March 1991

It is possible to defend th figures as "no worse than

expected," bearing in mind the

company's dependence on the highly elastic, south-eastern end of the men's suit market. But there is still plenty of scope to quibble. Some of the

customers, for instance, must be in the less-squeezed, mort-gage-free bracket; the Cash-mere venture was a failure;

and the figures would have

been even worse but for a 2500,000 property profit and a sharp cut in capital spending. This year started with a 17 per

cent sales fall in February, since when some ground has

Aquascutum have stirred up some speculative interest, but

with 60 per cent of the stock held by family, directors and friends, it looks as though it

will be up to the present man-agement to make better use of

the prime sites and prestigious brand names. They should be helped considerably by eco-

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SS LAW

AUSTIN REED, the upmarket clothing retailer and manufacturer, blamed a dearth of tourists and a "white-collar recession" for a decline of nearly 48 per cent in pre-tax profit for the year to January 31.

The taxable figure fell from

The taxable figure fell from £6.9m to £3.6m, the lowest since 1983. Turnover declined by nearly 8 per cent to £78.4m (£85m) and trading profit by 34 per cent to £6.5m (9.9m). Inter-est charges were little changed at £2.9m (£3m).

Mr Barry Reed, chairman and grandson of the founder, said the start to the current year had been the worst he could remember. He has been

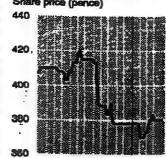
on the board for 33 years. The final dividend is held at 8.5p. making an unchanged total of 9.5p. This was only just matched by earnings per share of 9.5p (17.3p).

An extraordinary loss of 21.3m on the closure of Cash-meres of Scotland led to a

retained loss.
Cashmeres, which was builtup to 11 small US branches,
had entailed an investment of 42.2m (£1.3m) over the past 31/4 years, said Mr Reed. Over the past two years it had lost

On UK trading, he said: "The Gulf situation caused tourism to dry up which affected retail-

Austin Reed



level with the previous year, men's tailored clothing was dif-ficult. This recession has been atypical because it has been a white collar one in London and

The group had closed two branches leaving a total of 40.

About 10 per cent of the 2,000 jobs in retailing and manufacturing had been shed.

In manufacturing, exports were up, sales to other retailers were 25 per cent down and inter-company sales were

Borrowings credit finance) but (£12.7m), share-holders'

Increased interest payments reduce CWS to £19.1m

DI-UZHRATIVA Wholesale Society, the co-operative trad-ing company which has sub-stantial interests in retailing. farming and manufacturing raised trading profits from 530.7m to £44.1m in the year to January 12.

However, pre-tax profits fell from £19.7m to £19.1m after a higher interest charge of £21.8m (£12.8m). And following a £10.9m loss arising from had-debt provisions in the banking group there was only £12.3m transferred to reserves in comparison with £34.7m last

some when some ground has been made up. Progress will come from eliminating Cashmere's losses and lower interest payments; tight cost control is promised. A forecast Sir Dennis Landau, chief executive, said the society's property development and engineering businesses had also proved vulnerable to the pre-tax profit of £4m, but a higher tax rate, gives a pro-spective p/e of nearly 18 on the A share price of 170p. Japanese takeovers of Daks-Simpson and downturn in the economy but that retailing had proved resil-ient and had increased profits

He singled out for praise the performance of the Scottish retailing arm which which outlets, ranging from super-stores to small shops in the Orkney, Shetland and Western

In total, the group's retailing activities now represent 30 per cent of turnover.

Almost half of CWS's busi-

is by supplies to its retail society share-holders although these operations in run on a concurves militar than a print

fire time climbing from £2.88bn to £3.08bn as the society benefited from the inclusion of North Eastern

During the year, CWS spent

Sir Dennis and the helped sow the seeds for future development which augured well for the future of CWS and the Co-op as a shade

Sovereign Oil expands

SOVEREIGN OIL & Gas, the North Sea exploration and pro-duction company, reported an advance from £1m to £3.9m in pre-tax profits for 1990 after a strong rise in oil prices at the outset of the Gulf crisis.

Mr David Biggins, managing director, said he hoped for some stability in the value of sterling against the dollar this year to provide a reasonable future for the company's business. The weakness of the dollar against the pound had produced an oil price of 28 per barrel in February which was "sheer misery" for North Sea independent oil producers, he

Sovereign is partly hoping to hedge its exposure to the dollar oil price by increasing its stake in the Them gas field which sells gas to British Gas on long-term contracts priced in sterling. Sovereign increased its stake in the field from 3 to 5 per cent with a \$30m purchase from Superior Oil, an affiliate of Mobil.

Turnover rose (£12.3m). Barnings 1000 0.9p = 4.9p.

Brixton Estate

international investors in commercial property

ANNUAL RESULTS 1990

	1990 £000's	1989
Net Rental Income	43,319	35,705
Profit before Taxation	23,575	20,427
Earnings per Share	10.79p	9.45p
Net Asset Value per Share	246p	279p
Value of Investment Properties	€702m	£711m

- 21.3% increase in net rental income.
- □ 15.4% increase in profit before tax.
- □ 14.2% increase in earnings per share.
- □ 11.8% decrease in net asset value per share.
- ☐ Final dividend of 4.55p per Ordinary Share proposed, making a total dividend for the year of 7.10p per share an increase of 16.4%.

The above figures constitute an abridged version or or year's results. The full accounts which will be posted to shareholders on 17th May 1991 have not yet been reported on by the Auditor. They will be filed with the



Aquascutum chairman retires a year after takeover by Renown

By John Thornhill

MR DEMALD Abrahams, chairman of Aquascutum, has retired from III board if the fashion years' service.

His departure unum almost exactly a year after the acquisition of Aquascutum by Renown, Japan's biggest cloth-

At the time of the takeover, Mr Abrahams said that he looked forward to working to run the company from Lon-

In his departure and the appointment as chairman Mr Paul Bennett, previously head of the company's Far East operations, perhaps indication of the greater influence Renown

In particular, Renown is planning to speed up the it opment of the company in

North America and the UK. Mr Bennett appointed joint managing director along with Mr James Stokes, the former vice-chair-

Mr Abrahams' wife, Mar-ianne, who was the ladies fashion director, has also retired from the board.

They have however, been appointed the company's president and vice-president

Scottish Power boosts options

SCOTTISH POWER, the larger of the two looks in electricity companies due to be floated in May, said it are raised in exposure in line electricity options market with a 77 per cent increase in its option con-tract with the 12 English

It also said that bear in to extension customers in its own area in the current round were signifi-cantly smaller than in last

April's round.

Last year Scottish Power lost
6 per cent of its business with
large industrial customers —
which take more than 1MW measured by volume. Although that is lower than the losses suffered by the regional companies in England, Scottish Power emphasised that it was

not immune from competition in Scotland and that has had a "material" effect on the prices

power sales in volume terms in the past year by 7 per cant through exports to England. The company has agreed option contracts covering 320MW of power to the regional companies compared with 180MW last year. This is not a contract to supply elec-tricity but a financial instrument under which Scottish Power guarantees a price for power which applies when the price prevailing in the electric-ity pool exceeds it. The regional companies pay an ini-tial fee and Scottish Power still to make make if it

Mr Michael Smith, market-ing and distribution director, said Scottish I are had signed option animum with industrial train in Indian in the current round of indian which outweigh by three and a times the contracts lost.

Power recently

agreed with mather supplies an option contract for well over 200,000 gigawatt hours of power with an unnamed cus-tomer, offsetting option con-

Power's retail shops had roughly doubled their share of the south of Scotland white goods market last year to about 25 per cent, thanks to a large scale reorganisation and upgrading of its shops.

This announcement appears as a metter of record only

has to supply the power.

EDGE RETAIL INVESTMENT COMPANY LIMITED

£21,737,000 First Mortgage and Mezzanine Loan 2,810,000

£1 Preferred Ordinary Share-To Finance the Acquisition of

A Portfolio of Retail Warehouse Properties (Edge Properties Limited will act as Manager of the Portfolio)

£18,000,000 Senior Loan Provided by Bayerische Hypothekenund Wechsel-Bank AG

£3,737,000 Mezzanine Loan Provided by Richard Ellis Financial Services Limited



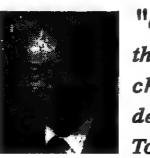


Lazard Brothers & Co., Limited Financial Adviser to Edge Properties Limited and Placing Agent to Edge Retail Investment Company Limited

March 1991

Tarmac Group

OUARRY PRODUCTS · CONSTRUCTION · HOUSING · BUILDING MATERIALS INDUSTRIAL PRODUCTS · TARMAC AMERICA · PROPERTIES



"Our markets in 1990 wern the toughest for more than a decade. We braced ourselves to meet their challenges with characteristic realism and determination.

To everyone who has shared in our consistent success these results are undeniably a temporary setback. They reflect the severity of the economic downturn in our principle markets, both in the UK and the USA. Nevertheless we shall benefit more than most from economic recovery when it comes."

Sir Eric Pountain Group Chairman







Copies of the 1990 Report and Accounts will be available . May 14 from the Secretary. Tarmac PLC, Hilton Hall, Hilton Lane, Essington, Wolverhampton WV11 2BQ

ombarded by the recession British managers might be forgiven for putting plans for innovation in one side. But they would be gambling with their company's future.

the director one of the leading electronics companies puts it cut back development for the way which has left us 1.5 product generations behind the competition. We faced with the of leapfrogging generations getting out of the business."

innovation la becoming increasingly central to competition. I no limit in to produce low-cost, high-quality ranges must renewed constantly is take advantage if the quickening of technological change and create matinctive products which command a niche in international markets.

The Confederation of British Industry's Innovation Trends survey published on Monday showed UK companies had little in reducing the time it them to develop new products. To the for new products becoming more pressing. Companies reporting that the lifespan for their products had shortened outweighed those who said it had lengthened by almost 10 to one. About 40 per cent said they needed to replace their product within

The innovative capacity of an economy is key index of its strength.

The impact of the recession upon the
UK's innovative potential will have
implications for health the economy long after the recession is formally declared Cuts in invest-ment in 1990-91 might allow dividends to be maintained in the teeth of reces may find their product development pipelines have run dangerously dry.

Britain entered the recession with a record for innovation which was at est mixed. The main source of industry's renewed competitiveness in the last decade was a leap in productivity. Between 1980 and 1987 output per per-son employed in the UK rose in real terms by 24 per cent, compared with 22 per cent in Japan, between 12 per cent and 14 per cent in Germany, Italy and France and about 7 per cent in the US. But have British manufacturthe US. But have printed manuacturers become efficient at desoping new products?

A House of Lords select committee reports published earlier this year

says that many UK manufacturers invest too little in new or improved products, plants or systems. They rely on doing what they have done in the past and fall to seize new opportunities created by changing customer demand. As a result their competitive-

Gross Comestit expenditure on research and development fell in the UK between 1981 and 1988, but rose in France, Germany, Italy, Japan and the US. Public spending on R&D fell markedly while industry spending rose from about 1.2 per cent of GDP to

Beginning a series on innovation in the recession, Charles Leadbeater looks at how the economic climate has affected investment in research and development

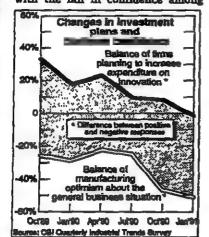
A crackdown on originality

about 1.25 per cent. This compares with a rise in United industry's expenditure from 1A per cent of GDP

British electronics groups such as GEC have been criticised for avoiding logically important areas such as the mass production of semicon-ductors. In retrospect this looks like a sensible decision as all the big Euro-pean semiconductor manufacturers – Siemens of Germany, Philips of the Netherlands and SGS-Thomson, Franco-Italian joint venture – are los-ing money hard over fist on chips.

Al Bull Britain's relative technological decline may have been arrested. It has definitely not been reversed and there are signs that it has continued. Is the British innovation system strong enough to withstand the bat

tering of recession? Over the last 15 months the outlook for innovation has deteriorated in line with the fall in confidence among



manufacturers, according to the CBL In October 1989 a balance of about 35 per cent of manufacturers expected to increase their expenditure upon innovation in the year ahead. By January of this year the belance had turned negative — more companies expected to reduce their expenditure than those expenting to increase it.

those expecting to increase it.

Yet it seems possible that innova-tion may not be cut back as far as other costs and the cuts will fall

unevenly ment the same my.Throughout last year manufacturers remained quite bullish about their spending on innovation even though they had become deeply pessimistic about the business outlook. This may mean that innovation spending could get away with a shave rather than a cut, as long as confidence recovers

soon (see graph). soon (see graph).

Moreover cuts in innovation are likely to be spread unevenly across the economy. The recession will widen the gap between those sectors where Britain has well-established strengths, built upon heavy research and development spending, and those where it is weak because it has underinvested in the past. The recession will amplify the difference between these two sectors.

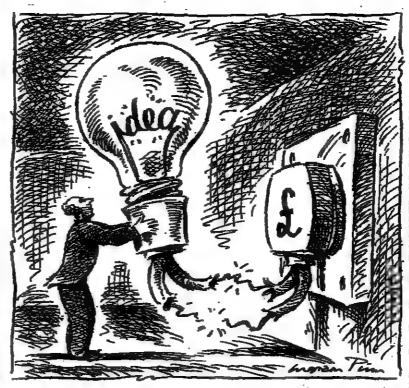
these two sectors.

Chemical and pharmaceutical manufacturers are the most buoyant about the outlook for innovation. A positive balance of 20 per cent of com-panies in the chemicals sector still expect to spend more on innovation in the coming year. Only 18 per cent think their spending is less than ade-quate. The UK entered the recession with a strong position in chemicals and pharmaceuticals and is likely to

In cruitres the maximisal engineering in manufacturing, and of the poorest in the 1980s. In this sector the outlook for innovation is poor. A negative balance of 10 per cent of companies expect to spend less on innovation. About 44 per cent of companies believe their innovation spending is inadequate. This sector will be made weaker by the recession. weaker by the recession.

The it will be completent to strength will escape unecathed. The defence-related areas of aerospace and electronics are cases in point. Within the overall recession is a specific defence recession brought on by cuts in military expenditure. Defence accounts for 51 per cent of

UK government spending on research and development and 20 per cent of total UK research and development. Defence is one of Britain's specialisms. Military research feeds much of the civil aerospace and electronics



industries. Thus the British innova-tion system will be particularly hit by cuts in defence-related research.

A development which may counter-alance the decline in defence is the increase in foreign investment in innovation in the UK. The share of British R&D accounted for by foreign companies rose from 4 per cent in 1967 to 13 per cent in 1968. In areas such as consumer electronics and become almost wholly dependent upon foreign groups. In the long run the prospects for innovation in the UK will increasingly turn upon whether large foreign groups choose to complement their UK manufactur ing plants with research facilities.
Small communications

Small companies may fare worse than larger groups. The CRI survey found that 45 per cent of companies which employ fewer than 50 people felt their spending on innovation was inadequate, compared with 30 per

innovation is the product of a complex process involving a range of ingredients. It seems likely that companies will cut back on some elaments of innovation, while continuing to invest in others. According to the CRI, in manufacturing as a whole investment in formal RAD will fall this case. this year. Yet there could be an expansion in the resources devoted to other elements of impovation such as training. David Lees, chairman and chief executive of GKN, the automotive and industrial services group, easys: "In 1980 we cut back on training. This time we will not do that." Joint ventures with foreign compa-

cent of manuscturers are planning to put more effort into joint ventures which bring access to technology, according to the CBL Some groups such as Smiths Industries in aero-space and John Brown in engineering pride themselves upon being highly skilled buyers, integrators and appliers of technology to specific mar-bets rather than inventing it in house.

Perhaps most importantly the best British companies have developed a management culture of continuous, incremental improvement to products and processes which will continue

through the recession.

Indeed one beneficial side-effect of this recession may be to expose the relative fragility of the British approach to innovation. In the wake of the 1980-81 recession government policy and management effort was directed at improving labour produc-tivity, through trade union reform, de-manning and the introduction of introduction in introduction in introduction in introduction in introduction introd

*CBI Immonation Trends Survey, Issue Number 2, available from Centre Point, New Oxford Street, London WCLA 1DT. Price 840. ** House of Lords Select Committee on Science and Technology, Innovation in Manufacturing Industry, Volume 1, HMSO. Price £11.40.

The series will continue next Thursday with a look at the chemicals industry.

Smart structures top of the

respond their environramii are uni taute in un emerging technology that adapts the substances into

and products.
"smart" structures
alter their shape or strength in ditions surrounding them. They could range from intelli-gent artificial bones and intelligent cimbes to aircraft than

repair themselves in flight.

These ideas are still at an early stage of development.

More immediately, smart structures are likely to be used in the conditions of the conditions of the conditions. aircraft and in manufacturing technology will be able to indicate when they have been formed cor-

Manufacturers, research agencies in many countries are pursing technology, with the US, Japan and leading in field, and Technology. ogy Agency is promoting work to create new substances and must be with in-built intelli-gence. It is necessary for the [Japanese] government to pro-mote fundamental research in these fields, which represents a challenge with fantastic feasi-ble targets," according to the

agency.

Japanese government

companies to accelerate
the development of intelligent
driving
for technology innovation".

Desirate Strathclyde Uni-In Britain, Strathclyde University opened its Smart Structures Research Institute in February and launched a com-pany, Lim-ited, exploit industry on the development

mercial products.
In the US several organisations and companies are involved, including Stanford University, Virginia Polytech-nic, Florida Institute of Technology as well as United Tech-nologies, Martin Marietta, McDonnali Douglas, Aircraft and (the Space Administration). Laborate Space Administration). Laborate Space Administration (Control of the Control of tures laboratory in Toronto, According to Nabil Zahlan, a

researcher with ICI's advanced materials laboratory on Tees side, smart structures have some of the same characteris-tics as people. They have sig-nal processors for brains,

says Zahlan. rill In intelligent materials for '52 smart structures, the nerves could be in form of optical fibres, embedded in composite materials and able sense changes, such as cracks in a structure, and send signals to structure, and semi again a actuators, the "muscles" in a

Smart structures could also be made from intelligent materials such as "perceptive composites". These use niezo-elec-tric elements that change shape when an electric current

passes through.
Smart structures can cope with other changing circumstances, such 📷 additional stress, and can prevent cracks and developing that would destroy a structure. Applications include bridges, buildings and aircraft where structural failure could be catastrophic.

Fiona Underwood, an englant says smart structures would also help manufacturers to reduce the life-cycle costs of a product, by reducing inspection requirements. An aircraft would indicate when a wing had cracked, for example, and would strengthen itself to cope with the crack.

BAe is working on '98 would have radar and commuwould have radar and communications equipment built into the sircraft. Underwood forecasts that this material could be flying within five years.

The Strathclyde Smart Street

The Strathclyde Smart Structures Research Institute has identified applications for smart structures in transport. civil engineering, manufacturing and in the design of con-sumer products from fishing rods and golf clubs, which could stiffen on contact with a fish or ball, to toys.

In transport smart struc-tures can be used to monitor the structural integrity of sat-ellites, aircraft, cars, boats and trains. It can also help in vibration control on spacecraft and active suspension systems for vahicles.

In civil engineering, smart technology could help in traffic control on roads, in the realtime monitoring of pipeline integrity and in the automatic damping of buildings and bridges subject to vibration.

Lynton McLain

YET AGAIN, CONSISTENCY HAS ITS AWARDS







THE QUEENS AWARDS FOR **TECHNOLOGICAL ACHIEVEMENT 1991**

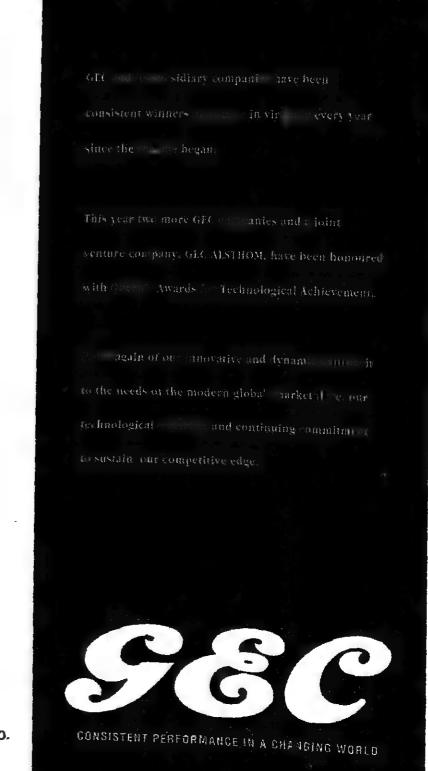
GEC ALTHOM Transmission and Distribution Projects. High voltage liquid cooled thyristor valve.

THE QUEENS AWARDS FOR **TECHNOLOGICAL ACHIEVEMENT 1991**

GPT Payphone Systems. Cashless intelligent payphone services.

THE QUEENS AWARDS FOR **TECHNOLOGICAL ACHIEVEMENT 1991**

Marconi Communication Systems. (Military Communications Division). Scimitar II high frequency combat radio.



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COMMODITIES AND AGRICULTURE

Caribbean earthquake threatens banana trade

By Tim Coone in Managua

THE world banana trade faces severe disruption following the major earthquake which struck the Caribbean coasts of Costa Rica and Panama last

Approximately 35 per cent of the world's banana exports originate in the zone worst affected by the earthquake, which measured 7.5 on the Richter scale. Some 25,000 hect-ares of bananas are planted in Costa Rica and 8,000 hectares on the Panamanian side of the border. Bananas are the princi-pal export of both countries.

"It is too early to say yet how long production will be disrupted. We are still assess-ing the developer." ing the damage," said Mr Joe Hagan, the vice-president of corporate affairs for the Cincinnati-based Chiquita Brands International company. Chi-quita is one of the world's leading banana producers and is major exporter from both countries affected by the disaster.
The economic infrastructure of the region has suffered extensive damage: roads, rail-ways, ports, water and electric-

ity supplies have all been

severely disrupted, according to Costa Rica's National Emer-

The two banana-exporting ports of Puerto Limon and Almirante have suffered considerable damage and have suspended operations. According to one eye-witness "con-tainers and railway trucks were thrown all over the

However, Mr Roberto Rojas, Costa Rica's foreign trade min-ister, said that the Moin quay at Puerto Limón – which is the main banana-loading wharf – "has not suffered major structural descon". has not sunered major structural damage". The principal problem there appears be a reduction in the depth of the water in the harbour because of the upheaval of the seabed.

According to Mr Antonio Restrepo, the spokesman for the Union of Banana Exporting Panama, one and a half million boxes of banamas are shipped from Puerto Limón every week, and a further 300,000 boxes every week from Almi-

Even if the ports can be put back into operation reasonably guickly, access will be difficult because of the severing of road and rall links. The epicenire of the earthquake occured 40km

South-east of the port.

Damage to bridges along the main highway to Puerto Limon may take a week to repair, but those to the south will take much longer as many have fallen into the rivers. It could be quite a while before exports can be resumed," said Mr

I Costa Rican pilot who has been flying rescue missions to the earthquake-hit border region between Costa Rica and Panama said: "Huge trees look as they have been pulled out by the roots. All the bridges between the fronter and Puerto Limón are out and the road is destroyed. There is no way to get the maturing bananas out".

Adding to the difficulties, many of the plantation worknow homes have been destroyed or damaged, along with administrative buildings and packing plants. It remains unclear to what extent the plantations them-selves have been affected, but it is possible that many banana

trees laden with fruit fell to the ground during the earthquake. It takes between six and nine months for a damaged banana tree to produce a new stem.

EC to place cap on imports of east European live calves

THE RC is today expected to place limits on the import of live calves from eastern Europe, mainly Poland, in response to the Community's

growing beef crisis.
The move will add to the disgruntlement of the post-communist democracies of the east, home leaders have accused the EC of blocking access to those goods in which they have comparative

The 227,000 head quota for live calves coming in under the all. Mo more would be allowed in under this regime, under a second clause devised by the Council of EC agriculture ministers last

But the EC will allow in an 198,000 head quota agreed at the same time, with a levy reduced by two thirds from the normal Ecul24 per 100 kilos. Most of these will also be from Poland. Fattened cattle car also still come in - "calves" are regarded as under 220 kilos in weight and are imported for fattening within the EC.

The meat industry had to be ready to respond to legitimate customer concerns, said Mr John Gummer, UK agriculture minister, opening the World Meat Congress in London yesterday, writes David Blackwell. The industry had to be able "to demonstrate that meat is good and wholesome and is produced to the highest standards of quality, safety and welfare" in the face of consumer concern over smimal health

wenters in the lace of consumer concern over summa health and meat handling.

Mr Gummer also defended the EC decision to ben the import of meat containing growth hormones as "perfectly proper". He denied the EC move, which the UK had argued against, was "an undercover trade ban". The overwhelming belief within the EC was that its consumers wanted meat without hormones, he said.

The Commission points out that this regime was started to bridge a constitute to an expensive surplus. The stockpile of instant beef has reached 750,000 tonnes, and hig aiready talking of having to store meat in refrigerated

Mr Ray MacSharry, EC agri-Monday that if no action is taken to bring supply into bal-ance with demand, the beef would | 1m mountain well over its 1987 peak - in

Beef producers attribute the Occurrency oversupply to esstern Germany's incorpora-tion into the EC, which had as one effect the alaughter of \$50,000 milk cows (and perhaps 250,000 more this year) in adjust to the Community's milk quota system. They also blame the loss of markets in the Middle East because of the Gulf crisis, and anxiety over "mad cow" dis-

encephalopsiny.
The Commission, while recognizing these circumstances, argues that the real problem is structural, pointing to long-term trends in the ris-ing production and falling con-sumption of beef.

pioneering swarms of 'killer' bees

By Nancy Dunne

THE long-dreaded invasion of the US by the Africanised "killer" honey bee has begun in south Texas, but federal and officials are prepared for the assault.

the assault.

Five swarms were identified and destroyed last week. US-agriculture department (USDA) officials say these were the "pioneers," of the main column, which is now about "U miles south of the US Mariesan headen. US-Mexican border.
At risk is the state's \$11m

At risk is the state's \$11m (£6.4m) honey industry and the 240 commercial beekeepers in Texas who move hives around the state to help crop pollination. They fear that the Africanised bees will take over the hives of the more compliant demostly hear.

They worry too about a crop of anti-bee legislation from lawmakers responding to pub-lic fears, and mass killings of domestic bees mistakenly iden-tified as Africans.

As long as the weather and food supplies remain favoura-ble, south Texas can expect to see honey bee swarms. Officials are trying to quiet public fears, pointing out that the sting of the Africanised bee is no more poisonous than their European cousins.

However, they become dan-gerous if their hives are jeop-ardised. Unlike the European honey bees – who send a few warriors out to frighten off invaders – the African bees swarm out by the thousands and pursue their prey for up to a mile.

a mile.
The bees have demonstrated their recommend ever since 26 swarms escaped from their keepers in Braxil, which imported them in 1956. The hybrids have been moving

hybrids have been moving north ever since.

In appearance they are similar to the less aggressive European bees, but they are small and carry less venom. They produce only enough honey to sustain themselves before they wander off to new fields.

After the first Africanised honey bees were found in Texas last October, USDA and Texas state officials, sided by experts from Texas Astal University, began a survey of the areas.

It is first landing site.

The state established a quarantine around the second find and prohibited the movement of managed honey becombattee in and out of the area. Right counties extended the quarantime 100 miles north but per-mitted managed colonies to move into the area. One plan under consider

ation would nacify the "killer" bees by killing their queens and replacing them with Euro-10 and 15 per cent of western aluminium smalting capacity

WORLD COMMODITIES PRICES

Texas fights | Spurt in oil prices drips away

Demand for refined products dries up, writes Deborah Hargreaves

OIL PRICES were slipping downwards yesterday as fears of a petrol shortage in the US receded and a short spurt of receded and a short spurt of demand for gas oil in Europe evaporated. Strength in the price of refined products had pushed the crude price as high as \$20 a barrel in the Brent market earlier this week.

All the weather turned unseasonally cold in Europe this week, demand for heating oil rose and helped support the crude price. At the same time.

crude price. At the same time, the low level of gasoline stocks in the US dragged up crude in the New York market

the New York market.

But these were fairly shakey foundations for a price rise since underlying demand is showing few signs of picking up and any tightness in the second quarter could quickly be raileved by ample world

be relieved by ample world supplies.

As Europe and the US warm up from this week's cold spell, the demand which pushed heating oil prices up by \$5 to \$198 a tonne is disappearing quickly as it arrived.

Traders who had piled into the market to buy oil on Monday were rushing out again yesterday when North Sea Brent crude for June delivery lost much of the gain it had made earlier in the week to trade at \$19.30 a barrel.

Crude prices had been strengthened by the decline in the flow of oil from the North Sea because of heavy maintenance work and the discipline with which Saudi Arabia and with which Saudi Arabia and Iran are disposing of their stocks of oil in floating storage. But most of the production disruption in the North Sea has now been reflected in the



Gasoline stocks have sunk to historically low levels in the US, but demand is also depressed. Petrol prices of around \$250 a tonne for prompt delivery are almost \$30 higher than futures prices which offer and the formula for delivery

current oil price, and if output is slightly higher than expected, some oil companies were indicating this week, prices could drop further.

North Sea output is expected to be 400,000 b/d lower in April than in March at 1.5m b/d, rising again to 1.8m b/d in May. Shell said recently that by early May it hopes to boost production from its Brent pipe. production from its Brent pipeline, which is currently shut down for the installation of emergency shutdown valves.
In addition, while and Arabia and Iran have agreed not to push the oil they hold in floating storage on to the mar-

ket, the movement of Iranian tankers from the Bay of Cadiz off Spain this week has caused concern in the market. Traders think that Iran may be starting the sale of its oil to the US. While concern still exists in the US over the low level of

peak driving season, consum-tion is not included in the use of petrol shortage in the use lifted crude prices on the lift York Mercantile technical buying dried up, the June futures contract slipped petrol stocks, a steady flow of imports into the north-east is starting to erode these fears. to \$20.47 a barrel

rently some 25m barrels below the low end of the seasonal range and, at 205m barrels, are right at the minimum operating level set by the

government.

Imports of petrol to the US dropped significantly during the Gulf crisis when high petrol prices and strong demand in Europe sucked in deliveries that would traditionally have gone to the US. In the first quarter, gasoline imports dropped from last year's level of 360,000 b/d to 200,000 b/d.

But Mr Ken Miller, a consul-But Mr Ken Miller, a consul-tant at the US firm of Purvin and Gertz, believes that fears of a petrol shortage are exag-gerated. "Imports are now starting to pick and refineries are increasing their output of

European refining margins are dropping back after rising to \$3 a barrel this week on the back of strong gas oil demand. The margin refiners can claim over crude oil slipped to just \$1 a barrel last week from a peak a barrel last week from a peak
of \$11 in February when the
Gulf war was still underway.
As the strength in the market for refined products disapoil prices are dropping
quickly. While Saudi Arabia and Iran are not flooding the market with crude from their floating stores, there is still between the two which could

ease prices down.
The oil market is currently searching for a direction and, if that direction is not to be over-whelmingly downwards, needs to be a substantial pick-up in demand or evidence of further production cutbacks.

Aluminium at lowest level for four years

By Kenneth Gooding, Mining Correspondent

ALUMINIUM'S PRICE fell III \$1,384 a tonne at one stage yea-terday, the lowest level for three-month metal since the

three-month metal since the London Metal Exchange introduced its high-grade alumination to the price recovered alightly letter in the day but some analysis suggested it would go on hing until substantial output cuts are made by the industry, which is still producing at close to full capacity.

However, Mr. Robin Bhar, analyst at Carr Kitcat L Aitken, part of the Banque Indosuez Group, said: "Producers feel better times are just around the corner and might be willing to operate at

might be willing to operate at full blast for another three or four months yet on the eaten up when demand picks

is operating at a loss. is operating at a loss.

Mr Angus MacMillan, analyst at Billiton-Enthoven Metals, part of the Royal Dutch/Shell group, suggested the could go on falling to 1,250 a tonne unless there were production cuts. But there are costs involved in there are costs involved in there are costs involved in shutting down production and no producer wants to be the first to do so."

Both analysts pointed out that many producers now had energy supply contracts linked to the price of aluminium and that this enabled them to keep ening despite weak demand.

going despite weak demand. Yesterday's price fall was apparently riggered by the release late on Tuesday of US statistics showing falling dura-ble goods orders in March. Aluminium for immediate delivery closed last night at 1,27 a tonne, down \$21 a tonne from Tuesday's close, while three-month metal was

at \$1.388.50, also down \$21.

Private metal trader to go into liquidation By Kenneth Gooding

gasoline for delivery August, indicating short-term tightness in

market but not a sustained 📖

Demand for petrol in the US dropped by 3 per cent in the first quarter of the year, and although pick-up is expected in the next couple of

months as the nation enters its peak driving season, consump-

Exchange to over \$21 w barrel earlier this week. But as some

US stocks of petrol are cur-

PHILIPP & LION, one of the last privately-owned interna-tional metal-trading groups left in London, ceased trading yes-terday and said it intends to seek voluntary liquidation.

Mr Michael Lion, chairman and chief executive, said that the company recently ran into financial difficulties and this speck entered into discussions. week entered into discussions with its bankers. But, in spite the being offered additional facilities, it was not possible to arrange satisfactory terms.

Mr Lion said the company's immediate problem was an axtreme liquidity shortage which, with the best will in the world, it was not able to solve

world, it was not able to solve with its several banks. No one loss caused the difficulties, "it was a cumulative thing". All 40 employees in London have been made redundant but some will stay on to help with the liquidation, Philipp Lion has called in accountants

Touche Ross to advise on the

liquidation and there will be a Mr Lion is one of the two largest shareholders in the creditors' meeting on May 15.

Mr Lion is one of the two largest shareholders in the win Sheinbein.

The company's operations in the US - Philipp & Lion Inter-national and Philipp Lion Trading, which between them employ about 20 people - remain active and operational,

Mr Lion stressed.
The company's trading activities were mainly in nonrous metals, both primary and

Metal traders suggested yessigns that many banks were now unwilling to keep a high

The physical marchanting business had contracted in recent years and this trend was likely to continue, added. Other merchants

Raw sugar prices were slightly higher by midday in New York efter the active July contract fell partier to a 38-month low of 7.80 cents a lb. New York's recomme on computer managed fund buying lifted prices during late trading In London, which had earlier rumbled to three-year lows. London's dry cargo freight futures closed higher on sustained Jumped 32 points to 1,632 on unconfirmed talk that the first Soviet grain purchases following a request for US credits had been recorded in Canada. But Interest no confirmation was forthcoming; later the White House

London Harrish

Congon -		
SPOT MARKETS		
Brade oit (per barrel FOS)		+ or
Dubel Brent Bland (dated) Brent Bland (Jun) W.T.I. (1 pm set)	\$15.40-5.50u \$19.40-6.55 \$19.30-9.35 \$20.05-1.00u	
Oil products (NWE prompt delivery per to		+ or
Premium Gasoline Gas Oli Heavy Fuel Oli Haphths Patrolaum Argus Estimates	\$188-189 \$89-71 \$201-203	4-1
Other		+ or
Gold (per tray oz) \$\frac{1}{2}\$ Silver (per tray oz) \$\frac{1}{2}\$ Platinum (per tray oz) Patledium (per tray oz)	\$392.75 \$101.00	+0.25 +3.00 +3.25 +1.00
Aluminium (free market) Copper (US Producer) Leed (US Producer)	\$1360 112% c 330 4170	-20 -1 ¹ 2
Tin (Kusia Lumpur merket) Tin (New York) Zino (US Prime Western)		+0.10
Cattle (live weight)† Sheep (dead weight)† Pigs (live weight)†	111.24p 222.55p 91.05p	+0,55 +11.2 +3,71
London delty sugar (raw) London delty sugar (white) Tate and Lyle export price	203.01 \$269.52 £226.0	-3.6 -3.5 -3.5
Barley (English feed) Malze (US No. 3 yellow) Wheat (US Dark Northern)	unq 2178 297	
Rubber (Jun)®	53.50p 54.00p 227m	+0.25
Coconut oil (Philippines)s Peim Oil (Malaysian)s	\$325.0t	+2.5 +7.5
Copra (Philippines)\$	2151.5	+0.5
Gotton "A" Index Westman (Ma Summi)	83.55c 344p	-0.05
	BPOT MARKETS Brude oil (per barrel FOB) Dubal Brent Blend (dated) Brent Blend (Jun) W.T.L. († per set) Oil preducts (NWE prompt delivery per is Premium Gasoline Gas Oil Heavy Fuel Oil Chite Gold (per troy oz) Palledium (per troy oz) Palledium (per troy oz) Palledium (per troy oz) Palledium (per troy oz) Topper (US Producer) Loed (US Producer) Loed (US Producer) The (Kuala Lumpur market) The (Kuala Lumpur market)	BPOT MANKETS Brode oit (per barrel FOS) Dubal Stand (dated) \$12.40-6.50 to \$12.40-6.55 to \$12.

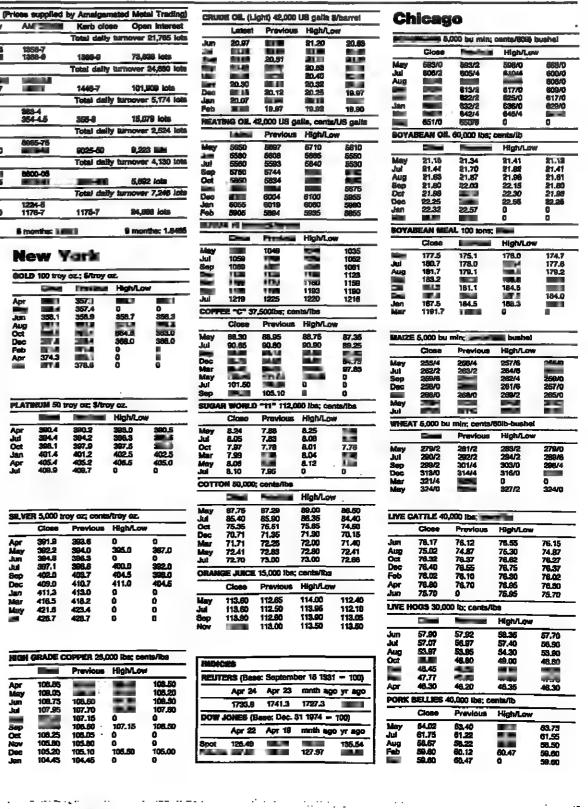
said a decision was not imminent. On the LME the premium for cash lead widened on increased concern over tightness for May delivery metal. Traders noted that the tightness coincided with the May 3 of Britannia Refined Metals Northfleet refinery in the UK. owing to delays in shipments of feed from the Mount isa Mines lead smelter Im Queensland. The 185,000 tonne a year facility earlier

Row	Close	en POX Previous	(\$ per ton
	Cabe	Properties	181,80 172,80
-	179.40	175.00	179.60 171.60
Oct	180.00	176.20	174.00 174.00
		1.*	178.20 173.00
	-	Prendous	High/Low
Aug	265.0	266 245	267.0 284.0 247.0 244.8
	247.0		244.0 243.8
Mar	252.0 260.0	260.6	247.3 247.0 251.8 251.5
Oct	256.5	247.5	244.5
	er: Raw 1 26 (217)	0 69 (957) lo	ats of 50 tonners.
Peris-	Mhite (FFr	per tonne):	Aug 1586, Oct 14
CHUD	L CHL →		\$/ber
	Leba		
Jun Jul	19.40 19.20		19.50 19.05 19.22 18.84
Aug	19.00	18.95	19.00 18.80
Sep	18,97 18,75		18.97 18.75 18.75.
Nov	18.81	18,90	18.83 18.70
PE Ind			
	er 11291 (8662)	
<u> </u>	L - #FE		\$700
	Close	Previous	High/Low
May	184.00 177.00	186.75 180.50	195.50 181.00 180.00 175.00
	173.50	176.75	176.00 171.50
Jun Jul		178.50	177.00 173.75
Jun Jul Aug	17\$.75		
Jun Jul Aug Sep	175.75 177.50 179.75	180.50	178.50 176.75 180.00 177.75
Juni Juli Aug Sep Oct Nov	177,50 179,75 180,50	180.80 183.00 183.25	180.00 177.75 180.50 177.75
Juni Juli Aug Sep Oct Nov Dec	177,50 179,75	180.50 183.00 183.25 184.00	180.00 177.75
Juni Juli Aug Sep Oct Nov Dec Jen	177,50 179,75 180,50 180,00 178,00	180.50 183.00 183.25 184.00 183.00	180.50 177.75 180.50 177.75 180.06 178.00

Prices are some 10p per billo, dearer for tops in Bradford, where US dollar etrength is also a firming fector. The bests for 64s

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	Apr	134.2	129.0	184.5	130.0		C
	Turnove	× 180 (18	(E) lots of	40 tons	35.		
	SOYAF	HAL - I	London P	OX		-	3
_	_	Close	Previous		Low		
-	No.						D
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-	Turnove			1380	EA	lonne	0
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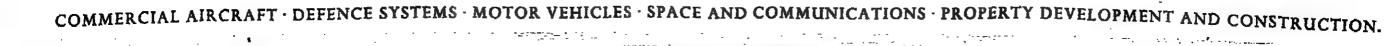
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LONDON STOCK EXCHANGE

Footsie again dips below 2,500 level

ADING HOPES for interest the cuts, together with undering fears of further rights sues from leading UK compa-ies, drove the UK stock marset well below FT-SE 2,500 yeserday. Once again it was lack of support that undermined share prices rather than selling

ICI gave ground on nervousness that today's trading state-ment for the first quarter could include a rights issue. Other international blue chips were unsettled by currency concern as central banks continued to ell the dollar. Optimism on interest rates continued to melt away, discouraged further by the view of Mr Alan Greenspan, chairman of the Federal Reserve, that current inflation levels do not justify further nts in US rates. A treet reversed early weakness Equities opened higher in o show a gain of 9 Dow points cuts in US rates.

Account Dealing Dates First Dealers: Apr 15 Apr 29 May 20 May 30 May 16 May 31 May 28 Jun 10

Longin and struggled forward brief until the premium on the rootsie futures contract the roots in interes contract begin to fade. Then the hints of impending rights issues, ranging widely across the mar-ke factors, turned share prices downwards. The Footsie, already more than 15 points of, extended its fall when Wall Sreet opened the new session o an uncertain note.
London rallied when Wall

in UK hours. The final reading put the FT-SE index at 2,488.6, a fall on the day of 15.2 points. Seaq volume fell to 436.7m shares from the 520.5m of the previous session, both figures making a poor comparison with the 700m share daily averages achieved during the mar-ket advance in February and March. The latest daily figure for retail or customer interest in equities was only £751.4m, a return to the unprofitable levels which have concerned the UK market for much of the

past four years.
Rights issue hints were refuelled yesterday by two more
relatively small fund-raising moves: Hardy Oil & Gas called for £27.6m and Ashtead for £5.8m. The list of rights issues continues to lengthen, but this month has yet to produce the large scale funding move said

a leading Footsie company. a learning rootate company.
Glaxo, the pharmaceutical group, provided a lonely firm feature among bins chip internationals, helped by a recommendation from a London securities house. The rest of the sector alipped lower, often in thinnish trading. Reuters, the global reporting agency. the global reporting agency, came under pressure from US selling as soon as Wall Street opened. The focus on Glaxo took the heart out of Smith-Kline Beecham.

There was no further sup-port for retail stocks, which brightened briefly at the begin-ning of the week on a report from the Confederation of British Industry that high street spending improved last month. Among the sector leaders, Marks and Spencer and King-fisher shaded easier.

the London market appears to have lost confidence for the short term outlook, which is now clouded by political as well as aconomic uncertainties. Hopes for an early reduction in base rates have been put on hold, in spite of the confident comments this week by the UK chancellor of the exchequer at a conference of senior UK busi-

a conference of senior UK busi-ness executives.

The City is also nervous ahead of the UK local govern-ment elections to be held early next month. These could hold the key to the timing of the next General Election, which the governing Conservative party must hold by July 1992. UBS Phillips & Drew believes that any prospective economic recovery may not be enough to help the government's re-elec-tion next year.

FINANCIAL TIMES STOCK INDICES 85.88 82.17 49,18 (2/1) 90.56 (2/1) 94.81 94.20 - 44.34 94.82 (28/11/47) (3/1/75) 1808.3 2014.5 49.4 (18/1) (5/4/91) (26/6/45) 127.0 (22/2) 734.7 (14/1) 2545.3 (5/4) 2054.8 2546.3 966.9 (18/1) (5/4/91) (23/7/64) 1176.39 (15/4) \$36.62 1176.39 \$36.62 (16/1) (15/4/91) (16/1/91) 4.93 8.56 13.85 4.82 5.39 8.71 12.09 14.10 10.02 @Ord. Div. Yield Basic 190 Save, Sect 15/16/20, Plant Int, 1925, Ordony 1/7/25, Ordo plant 12/2/15, Basic 1000 97-6E 100 31/12/03 OEarning Yid %(kuli) OP/E Ratio(Net)(*) 13.94 13.89 14.08 ■ FT-8E Employs 200 25/16/90. oz ME 12.34 SEAC Bergns 4.46pm Equity Turnover(Em)† 29,957 27,745 28,265 32,386 21,035 590,10 751,46 593,47 1221,653 755,15 29,575 27,460 28,267 32,394 28,853 485,7 598,37 395,5 590,3 323,9 25,411 GILT EDGED ACTIVITY Apr 23 Apr 23 Bernsinst Traded (mi)t indices" Gilt Edged Day's Low 1965.1 Ordinary Share Index, House ob Day's High 1986.3 89.2 Bargains 9 em 10 em 11 em 12 pm 1 pm 2 pm 5 pm 4 pm 1988.4 1988.7 1989.0 1980.0 1981.1 1982.3 1980.5 5-Day average 90.4 90.5 "SE Activity 1974. Day's Low 2483.5 FT-BE 100, Hourly changes Day's High 2509.4 11 sm 12 pm 1 pm 2 pm 3 pm 4 pm 2487.5 2491.7 2488.2 2488.4 2488.7 London report and FT-SE Eurobrack 200, Hourty changes Day's High 1163.75 Day's Low 1155.58 latest Share Index: Tel. 0898 123001 Open 1163.45 10 am 1163.45 11 am 1163.73 12 pm 1163.54 1 pm 1163.54 2 pm 1167.12 5 pm 1167.72 TRADING VOLUME IN MAJOR STOCKS

Heavy trading in Reuters

REUTERS bowed under th weight of sell orders ahead i today's annual meeting and t reaction to a downgradis from US securities house Mirill Lynch. For the curret year Merrill has cut its profit rrill has cut its prote forecast by £45m to £32m, ing, among other this its provision for redundacy

payments.
Bulls of the stock among he analysts rushed to its defice. They pointed out that sexal brokers had already writh in the Merrill forecasts. The said that nerves ahead of the annual meeting were be expected, given the stostart prospects for the commy's new trading products sie last ammes.

They conceded, heever, that with much of the ading in the stock being condited in New York, a downgradg from a US broker would have gniff-

deriens dropped tat one part to kere ending 823p, a second of 42. Tring was neavy for the stock, ith 3.3m shares changing har.

ECC weaken

Two apparently conceived market stories to the spice out of the shares ECC, the industrial materiagroup, yes-beria. After operforming the re- of the gtor for the

nervously on his both of a rights issue andhat a large line of stock warn offer. The shares fell to 40 before closing 15 down on lance at 410p.

The rights iss speculation probably stemed from the group's amound intention to replace some ort-term debt.

ECC: said la year, when replace some ort-term debt. ECC said la year, when acquiring Geota Kaolin, that part of the tee-year multi-currency crediacility of up to \$600m necessar to finance the deal would i due course be put on a long term basis in internationalspital markets.

ECC said did not intend that such fuing would be the subject of rights issue and, according finance director Mr Robert ariton-Porter yesterday, the position has not changed. Investigion into the stock-

on-offer port revealed the presence an eager seller but not in thaillion-plus quantities sugged by the talk.

Cadburschweppes fell 10 to 370p as eculation continued that it is about to issue a

\$400m convertible bond to fund a takeover of Dr Pepper/7-up, the US soft drinks company. The shares refused to recover in spite of the company once again ruling out any rights or bond issue.

Asda was a penny lower at 121p on turnover of 4.6m as the market waited for the commarket waited for the com-pany's meetings with brokers which begin today. There has been widespread speculation that brokers will lower their forecasts after the meetings. Argyll dipped 3 to 300p after reports that analysts at some ding investment institutions had visited the company, while Unilever shed 3 to 758p ahead of its quarterly figures expec-ted on May 17.

S.G. Warburg added its voice to the chorus of analysts say-ing that Glaze should be bought. Warhurg, the com-pany's broker, published a comprehensive review of Giszo's products. It was particularly positive on asthma treatments, where it said within five years revenues should exceed III from Glaxo's best selling drug Zan-

SmithKline Beecham contin-

ued to suffer from recent "take profits" advice. The shares briefly dipped below 28 before ending at 807p, a net 10 easier. ICI weakened again in nervous trading shead of today's first-quarter results. Sentiment was not helped by vague talk that the commany would was not heapen by vague talk that the company would announce a rights issue and maybe a deal to buy a stake in Wellcome — not an idea new to the market. Level headed traders disbelieved this theory, and pointed to Wellcome's relatively steady performance yes-

off at one stage, ended 13 down on balance at 1070p. Wellcome eased 3 to 527p.

Legal & General retreated 13 to 438p on 1.7m, upset by down-gradings from a number of

broking firms. London & Man-chester was slightly easier at 337p after new business figures described as disappointing by one trader.

A number of downgrades kept the composite insurances under persistent pressure. Analysts are now expecting all the big five composites to record losses for the current year. General Accident and Guardian Royal are expected to record losses of around £100m, Royals some £90m, Sun Alliance £70m to £80m and Commercial Union around 230m. The biggest turnover, 3.5m, was in Guardian Royal, 4 off at 204p, while Royals dipped 7 to 449p, General Accident 5 to 532p and Sun Alliance 3 to

Some keen two-way interest was shown in Amstrad, which settled unchanged on the day at 76p, having eased earlier in the session. The early uncertainty came as Kleinwort Benson downgraded its profits estimates for the group. For this year Kleinwort has cut its fore-cast from £44m to £36m and for next year it has moved from

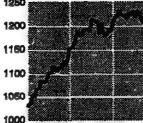
260m to £55m.

Ms Judy Stewart at Kleinwort said the lower forecast followed on from a number hearish signs in the computer industry.

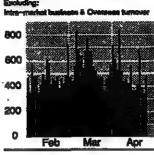
It was also pointed out that Amstrad had been selling sig-nificant amounts of stock in Micron, the computer chip manufacturer, where some 3.5m shares were acquired in October 1988. Amstrad said it had sold 2.2m of these shares. James Capel, Amstrad's broker, is believed to have downgraded the stock.

Wardle Storeys began to presentations hosted by Smith New Court to Scottish investment institutions. Smith believes there is a more realistic air about the company these days and, in spite of the

FT-A Ail-Share Index



Equity Shares Traded Turnover by volume (million)



downturn, a more robust feel about the potential. The shares bounced 11 to 309p. Negative comment on the

refinancing exercise caused investors to have second thoughts about Cannon Street Investments and the shares consequently gave back part of Tuesday's sharp rise to close 12 down at 112n

Morgan Crucible regained some of the ground lost since last week's rights issue announcement, ending 8 better at 241p.
Fears that Vickers may tell

today's annual meeting of fall-ing sales for Rolls-Royce cars and warn about profits from shares down 6 more to 211p.
Aerospace Engineering rose
5 to 54p after favourable com-

Thex Holdings, the recruitment consultancy and employment agency, plunged 7 to 11p on news that a bid may be made at a level "materially lower than the current mar-

ket price.
Motor distributor Jessups dropped 9 to 48p after revealing losses and a dividend cut at the helf-way stage.
Investors continued to

favour Betterware Consumer Products and, in thin trading, the price advanced 15 further to the highest level this year of 2779. The annual results are expected in June.

The recent rise in oil abares, withoutened her bloken and a

stimulated by higher crude prices and the strength of the dollar, was reversed yesterday. The appearance of a number of big institutional sellers accompanied a decline in oil prices and a hefty profits downgrade in BP by Strauss Turnbull, one of the market's

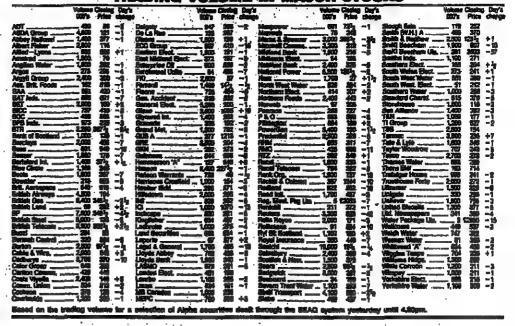
hig bears of the oil sector. Mr John Toalster, oil sector gurn at Strauss, cut his cur-rent year net income forecast for BP from £960m to £700m and said the group may well struggle to achieve this figure. He estimated that BP's firstquarter income, due to be announced on May 9, would show a loss of \$125m. Mr Toalster said BP would be hard pressed to pay a fore-cast increase of 4.8 per cent in its final dividend this

Some big selling, much of it by Stranss clients, left BP 4% off at 349%p on turnover of 7.8m shares. Shell, where turnover was a more sedate 41m, settled 3 easier at 521p.

Brixton Estates climbed 13 to 174p after publishing results at the top end of analysts' expec-tations. Full year profits were more than 15 per cent better at \$23.5m and traders were 223.6m and traders were impressed by the published net asset value and the dividend

Traders said a cross of 450,000 Percy Bilton shares took place at 404p. It left the stock 14 down at 394p. The current series of presentations by Rank Organ to brokers generated yet another change of forecast. House Govett trimmed its profits prediction for 1991 from £318m to £305m. The stock lost 19 to 727p in good volume.

Other Market statistics, including the FT-Actuaries share index, Page 26



EQUITY FUTURES AND OPTIONS TRADING

STOCK index futures slipped lower yesterday on fears of a major rights issue and nervousness ahead of the ICI quarterly results due today.

For most of the session, the June FT-SE 100 index traded below the level which brokers encount of future dividend account of future dividend payments and financing cost.
The June FT-SE closed at
2,514, down 12 points on the
day but just 27 points above
the spot index; compared with

fair value premium.
During the early part of the session, the futures market provided some support to the underlying market. Later in the day, the feats of a rights issue unnerved dealers and prices were marked leaves. prices were marked lower. In the traded options market, Haure Govett amounced it had withdrawn from market making. At its peak, Houre had more than 12 marketmakers but yesterday just three

were left to be made redundant. Houre will continue to broke options to institutions. Overall turnover on the options market remained depressed, with just 24,499 contracts traded, barely changed on the day and below the level necessary for the market to cover its costs. Marks and Spencer was the busiest option, 1,506 changing hands as the shares receded. GrandMet traded 1,449 and British Airways 1,248.

NEW HIGHS (128).
BRITISH PURISS (1) Trees. Spe I-L '88, AMERICANS (12) Abbot Leise, Art. Cysnamid, Am. Express, BenkAmerica Darw, Exion, Ingersoft-Read, Lockheet Fennzoll, Rep. NY, Rockwell, Texaco.

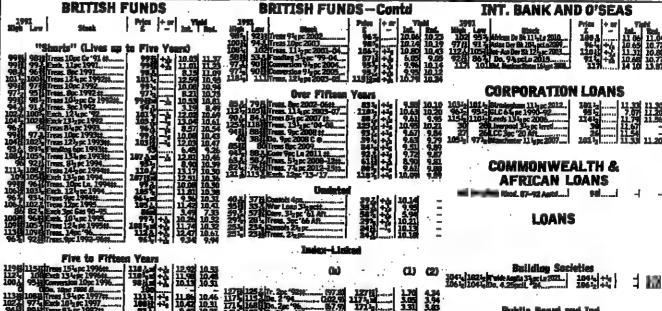
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Do. A. Scot & Marc., Sham Pd. Pt., Signs
Select. Growth, Tor, Westpoot, Olds (4)
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SAMERS (3) Anglo Amer., Anglo Amer. Cost.
(CRA, Cons., Murchiscon, De Beers Linked
Units, Delta Soft, Golf Fields SA,
Mormandy Res., Rand Mines.
JANE LONG (22)
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(1) Danton, ELECTRICALS (3) Hilbors, Semi
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Harfors, Box., SEMINITERIALS (5) Seevere
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(D.G.), USSURE (1) Tornorrow Lois.

NEW HIGHS AND LOWS FOR 1991

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Tuj

Historia, Soc, INSURANCE (1) CUTTER (D.C.), (1) CUT

LONDON SHARE SERVICE



1.70 4.34 3.05 3.94 1.31 3.83 3.89 4.10 3.89 4.17 3.90 4.17 3.90 4.14 3.90 4.14 3.90 4.10 3.80 4.01 10.32 Prospective real redemption rate on projected inflation 10.43 10.73 Prospective real redemption rate on projected inflation 10.40 10% and (22.5%. Ob Figures is marentless show RPI 10.47 Indeeding, Ge 8 months prior to issue) and type been adjusted to 10.21, reflect releasing of RPI to 10.01 to January 1967. Conversion factors 10.21, reflect releasing of RPI to 10.01 in January 1967. Conversion factors 10.40 13.945. RPI for August 1990: 128.1 and for March 1991: 131.4

FOREIGN BONDS & RAILS

APPOINTMENTS

Promotions atSanwa Bank

TI SANWA BANK, Londo, has made the folloing promotions: to joint genel manager - Mr Stuart Harnd who remains head, speil finance department: to outy general manager - Man Hosler who remains he, acrospace finance didon, and Mr John Watkins w) remains head, project fince division; to assistant geral manager - Mr Patrick Tuns who remains joint hd, capital markets group, ai Mr John Parker who máins head, personnel

Mr Bill Govett has been pointed director of THE ORTH BRITISH CANADIAN VESTMENT COMPANY. le is a director of 3i Group, egal & General Group, Lep Froup, and a number of other companies including The Scottish Eastern Investment

Mr Andrew Marshall, a director of MARSHALLS, has been appointed deputy chairman, and will become chairman following the annual meeting in July, when he succeeds his brother Mr David Marshall who is retiring.

 SALE TILNEY has appointed Mr Roger Begyto head Peabody Foods, its UK food operation. He was deputy managing director of Bristar, food and ingredient division of Berisford International.

Mr Jim Fifield, president and chief executive officer of EMI Music, New York, and an executive director of Thorn-EMI, has become the third representative of Thorn-EMI on the THAMES TELEVISION board. This follows Thorn-EMTs acquisition of a controlling stake in the company.

DOWDING & MILLS has appointed to the main board overseas managing director. Mr Hendrik Hammendorp, responsible for European operations, and Mr Ian Dickson, who heads the Australian companies.

■ BRITDOC, part of the commercial services division of Hays, has appointed Mr Tony Waring as sales and marketing director. He was director of marketing for Hoechst subsidiary Kalle Infotec.

■ Mr Robert Bywater Image joined MAGNET as its first customer services director. He was managing director of Maxwell Communications Purnell distribution centre,

■ THE 600 GROUP has appointed Mr Keith Hancox as group executive responsible for the Australasian and Far Eastern companies, and in the UK for GCM 600 (of which he was managing director) and

GCS (Steels). Mr S.G. Fitton, uty managing director,
Mr Hancox at GCM 600 as managing director. Mr A.R. Sweeten has been made managing director of the new 600 lathe division, retaining his post as managing director of T.S. Harrison & Sons. He is also appointed deputy chairman of The Colchester Lathe Co.



ABB ROBOTICS, Milton Keynes, has appointed Mr Walter Lamb (pictured) as managing director. He was sales and marketing director. The company is part of Asea Brown Boveri.

■ Mr Kevin Buckthorpe has been appointed managing director of PHH RELOCATION AND PROPERTY SERVICES, Swindon. He was managing director of PHH Asset Management, a post he will retain. He also joins the PHH European board.

Mr John Jameson has been promoted from general sales manager to sales director at BRITANNIA LIFT, Sheerness. Mr Robert Steele has joined the company in the new post of technical manager.

■ PETER BROTHERHOOD.

Peterborough, has appointed Mr Ivor Ablitt as sales and marketing director. He joined the company in 1980. ■ CLOSTECH INTERNATIONAL (formerly Continental Container Systems), Chicago, has opened a European office at Crawley and appointed Mr Raymond J. Roberts as its head. He was with CMB Packaging (Metal



Mr Graham Hockings (pictured) has been made appointed actuary of NEL PERMANENT HEALTH PERMANENT HEALTH INSURANCES, in addition to his post as finance director.

PUBLIC WOID'S LOAN BOARD RATES Quota loans 1138 11 103 103 11 Over 1 up to 2 Over 2 up to 3 Over 3 up to 4 Over 4 up to 5 Over 5 up to 6 11¾ 11¾ 10% 10% 10% 10% 11 11 11¹/₈ 11¹/₄ 11¹/₈ 10% 10% 10% 11 11 114 114 114 114 114 114 114 114 114 Over 7 up to 8 Over 8 up to 9 Over 9 up to 10 ... Over 10 up to 15 . Over 15 up to 25 . Over 25 Non-quota loana A are 1 per cent leg than quota loana, 15quel lestalments equal hat-yearty to locket

TELEPHONE: 071-828 FISE 100 WALL STREET
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Jun. 2509/2519 -9
Jun. 2940/2952 +12 5pm Prices. Change from previous 9pm close HOW WELL DID YOU JUDGE THE MARKET? MOSK

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NEW BULL MARKET IN STOCKS? CALL FOR OUR **CURRENT VIEWS**

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BANCO DI ROMA (the "Bank") (Incorporated as a Societa per Azioni in the Republic of Italy) 275,000,000

9 */# Pased ReterFloating
Rate Depository Receipts due 1993
(the "Depository Receipts")
used by The Law Debenture Trust Corporation p.l.c. evidencing entidement to payment of principal and interest on deposits with Banco di

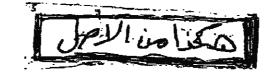
me, London branch. On 8th March, 1991 notice was given to the holders of the Depositary.

Receipts that: (i) in accordance with Condition 4(b) of the Depositary Receipts the (i) in accordance with Condition 9(ii) or the Exposition of the Trustee redeem all or some of the Deposits to which the Receipts relate on 13th June, 1991.

(ii) in accordance with Condition 3(c) of the Depositary Receipts, with effect from 18th June 1991 interest on the Deposits will be payable semi annually in arrest at a rate equal to six months Sterling Libor plus 0.10 per cent. ("the Margin") except that the Bank may give not less than 22 nor more than 60 days notice prior to 13th June 1991 that the margin will be such rate as it may determin

Notice is hereby given that, in accordance with Condition 3(c) of the Depository Receipts, the Barix has determined that the Margin will be increased from 0.10 to 0.1875 per cent per annum.

Banco di Roma S.p.A. acting through its London Branch dated 25th April, 1981



AMERICANS

BUILDING, TIMBER, ROADS

LONDON SHARE SERVICE INDUSTRIALS (Miscel.)—Contd DRAPERY AND STORES—Contd Sears. #Statet Group 1/ #Statewood Grp Smith (W. H.) # 9.4 14.6 #4.2 2.84 **ELECTRICALS** FOOD, GROCERIES, ETC 27 17 Series and set 100. 27 1-15 1. 28 1.

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\$1.20 \$1.20 \$46 \$2.00 250 18 5 4 7750 4 7750 4 6 5 20 19 5 20 16 5 2 51.60 53.00 \$1.40 86c \$2.00 \$2.84 \$1.80 \$1.20 \$1.20 \$1.20 \$1.40 \$1.40 \$1.40 \$1.40 \$1.40 \$1.40 **CANADIANS** 118 | 110 | 100 | 101 | 117 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | CHEMICALS, PLASTICS

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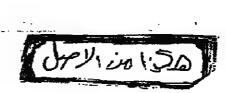
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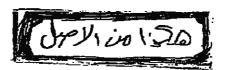
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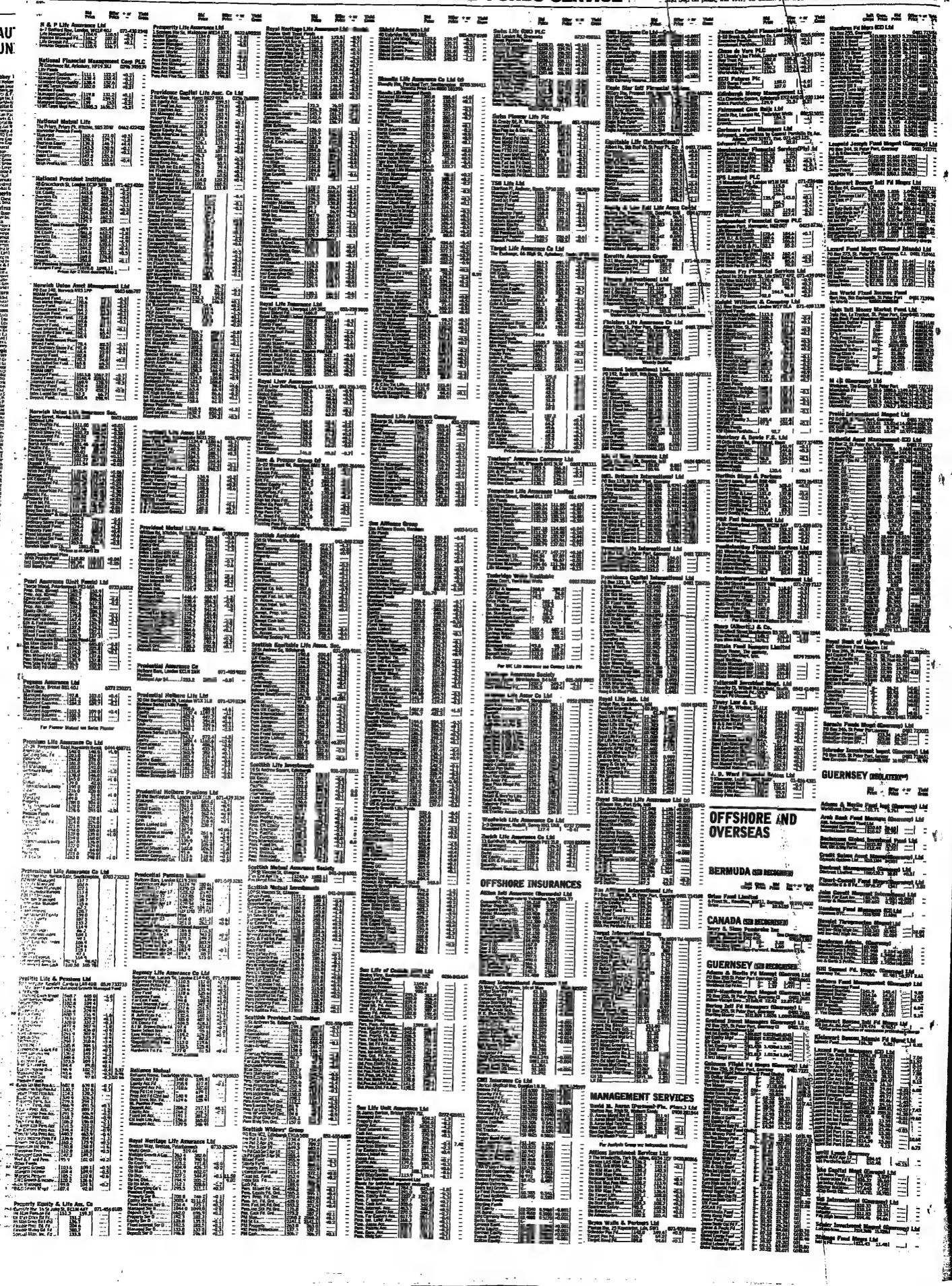
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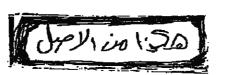
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Money Market

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MONEY MARKET FUNDS

Section 1975

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house (8)

19 Approach with some pount to perform a menial task (5.2)

21 Country surrounding an American (7)
28 Tina set up with a new name (5)
25 Card-game for well of circle

Solution to Puzzle No.7,526

Distinctions that have to be

fought for (6,7)

9 Joining a club used by electricians (9,4)

14 Decline to be corrupt (10)

17 Barely used part of the

CURRENCIES, MONEY AND CAPITAL MARKETS

FINANCIAL FUTURES AND OPTIONS

EOREIGN EXCHANGES

Dollar up despite intervention

quarter fall II per cent. Economists III looking for a fall of about 2.5 per cent, amid

suggestions that this may

mark | low point in the cur-

rent recession. The figures will

be closely analysed for signs of

economic recovery and, there-

fore, could have a significant impact on the dollar.

likely to be caution ahead the G7 meeting for fear moves aimed preventing another upward surge by the

At last night's close in Lou-don the dollar rose to DM1.7535 from DM1.7420; to Y138.05 from

Y137.90; to SFr1.4715 from SFr1.4590; and to FFr5. from 1750. Its index

unchanged at 66.5.
The D-Mark continued its

recent decline against the Jap-anese yen, falling in London to Y78.70 from Y79.15. Concern

At the same time limits

yesterday despite ■ second day of co-ordinated intervention by European central banks. Demand for the US currency increased as the market continued to take an unfavourable view of the D-Mark. Other European currencies, such as sterling, did not provide any great attraction, but the

was relatively steady.

The German Bundesbank led co-ordinated intervention by European central banks, selling the dollar at around DM1.7450, but failing to hold it below DM1.7500 at the end at the day. By the time trading closed in Europe there was no sign of the US Federal Reserve joining the action of other tral banks. The Bank of Japan has also stayed out of the mar-ket so far this week, reflecting the better performance of the yen, in comparison with Euro-pean currencies.

There was no important US

economic news yesterday, leav-ing the market to wait for national product, and for official reaction III the IIII ministers from III Group of leading industrial

nations.
US GNP figures III the first

quarter are expected be weaker the 1990 fourth									
£ 1	NH	EW Y	roi		24000				
	£.	atest.		Previous Close	Ä				
E Spot	080	0-1,6950 6-0,85pm 2-2,29pm 2-6,95pm	1.7						
Forward premises and discounts apply to the US dollar STERLING INDEX									
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(¿Apr 24	Bastir & rate %	Special * Drzedog Rights	European † Curvency Unit					
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Bank rate refers to central bank diseaset rates. These are not quoted by the UK, Spain and Ireland, Puropean Commission Calculations. All SOR rates are for Apr. 23								

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agreement tender.

bank said it was eliminating a differential in short-term rates with Germany. It was regarded as a move to slow the Belgian franc's advance against the D-Mark in the European Soviet Union weighed on the German currency, keeping it among the weaker members of the European exchange rate Sterling weakened in the

ERM, but remained the third strongest currency, behind the Spanish pesets and Italian lira. The pound lost 1.70 cents to \$1.6945. It also fell to DM2.9725 from DM2.9825; to FFr10.0175 from FFr10.0550; to SFr2.4925 from SFr2.4975; and to Y234.00

from Y236.00. Sterling's index shed 0.5 to 91.2.

The French franc, weakest member of the ERM, was little moved by news that France's trade deficit in March rose to FFr4.70bn from FFr3.48bn in

Currencies table on Tuesday, the exchange rate for the Ital-ian lira should have been: ster-ling 2206.50, US dollar 1303.69, D-Mark 737.96 and yen 934.958

		Rate	5	for 24	Rate		0	Corrency			
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for central rates set by the European Commission. Correncies are in descending relative strength. Percentage changes are for Eur. a positive change descept a weak correct. Obsergance shows the ratio between two protein the percentage difference between the exists invested and European changes of a correct, and the municipal percentage deviation of the correcty's market rate from its Eur central note. POUND SPOT ~ FORWARD AGAINST THE POUND											
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ustria witzerland .	3.3370 60.65 11.2600 1.1095 2.9630 254.15 182.15 2185.75 11.4765 9.9820 10.5400 233.50 20.84 2.4880 1.4340	1.97% 3.3935 61.25 11.3825 1.1135 2.9770 22.66 183.50 2200.15 10.6920 10.6220 20.94 2.4975 1.4440	1,9640 3,342 60,760 1,112 2,9700 1,112 2,9700 1,12,82 2,190,54 10,612 5,10,612 10,612	- 1.6750 - 1.9650 - 1.9650 - 3.3325 - 60.60 - 11.2950 - 11.130 - 27750 - 265.30 - 265.30 - 11.4925 - 10.5500 - 21.450 - 21.450 - 21.490 - 21.490	11 01 14 54 54	85-0.34cpm 1-1-0.34cpm 1-1-0.20m 1-1-1.20m 1-1-1.20m 1-1-1.20m 1-1-1.20m 1-1-1.20m 1-1-1.20m 1-1-1.20m 1-1-1.20m 1-1-0.20m 1-1-0.20m 1-1-0.20m 1-1-0.20m 1-1-0.20m 1-0.	5.55 2.35 2.35 2.35 1.53 1.53 1.68 1.68 1.68 2.53 2.53 2.53 2.53 2.53 2.53 2.53 2.53	114-1-2-2-3-3-3-3-3-3-3-3-3-3-3-3-3-3-3-3-3	30pm L02pm 1 spm 1 sppm 1 sppm 1 sppm 1 sppm 1 sppm 1 sppm 1 sppm 1 sppm 2 sppm 2 sppm 2 sppm 2 sppm 1 sppm 2 sppm 1 sppm	5.46 2.20 2.57 1.57 1.57 1.57 1.57 1.54 1.10 1.44 2.54 1.10 1.24 2.54 2.54 2.54 2.54 2.54 2.54 2.54 2	
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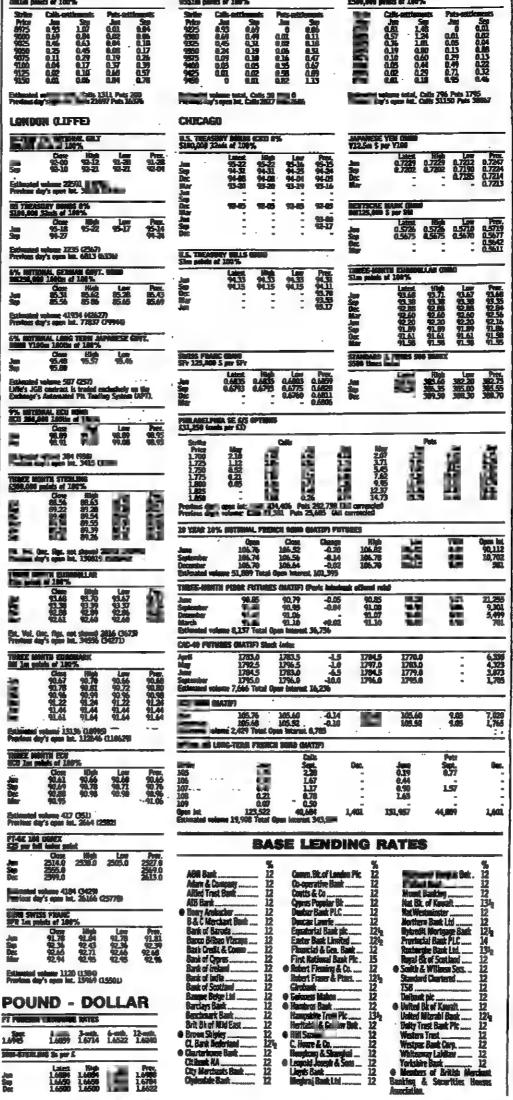
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SOUTH AFRICA

May 7 1991.

It will be of particular interest to the 89.3 of the community in Europe who are regular FT readers. If you want this important audience, call Hunter on 071 873 3238 or fax 071 873 3079.

FT SURVEYS

LEGAL NOTICES

Trade Cinestifuction: 38
Date of appointment of admir suculver(s): 11 April 1981 ace of person appointing the admin re receivers(s); National Westminster

NT ACCOUNT WAS THE MEDINE Spir Joint Againstrative Receivers/Office holder no(c) 008339 and 602104) of Cork Carly Greythere Road Reading Bartestra, RG1 1JQ NORWAY

The FT prospect to publish this survey on Nay 25 1994.

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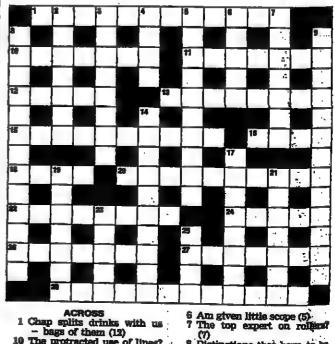
CAL INVESTMENTS LIMITED

Money Market Bank Accounts

JOTTER PAD

CROSSWORD

No.7,527 Set by DANTE



ACROSS

1 Chap splits drinks with us

- bags of them (12)

10 The protracted use of lines?

(7) 11 An order to stop amber 11 An order to stop amour changing to green? (7)
12 Saw a musical group making a comeback (5)
13 Not the only part of the UK wanting ax to come down

15 Official title of great merit

(10) 16 Do a turn at the helm perhaps (4)

18 Turn out to be in about a point in

20 One is apart, a result of marital break-up? (10) 22 Works of poets are broadcast (8) 24 Visitor to Mecca had half a

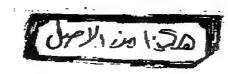
jiff here (5)
26 Copy ear-clip design (7)
27 Head off disaster and have a party with fruit (7) 28 Bow feet (6,2,4)

2 Fundamental shifting in cargo III

Relating complicated involvement of two men and a woman (8)

STAMPINGEROUDD
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REIGH TREESTUD
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ASHBLONDE YOUTH
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A SHBLONDE YOUTH
A N A I V R 5 Technocrat producing protection for a soldier (6-4)

(4)



MONEY MARKETS Rates little changed THERE WAS little change in London interest rules yester-day, following a little period

earlier this week resulting from poor economic news. An improvement in the day-to-day liquidity position.

I shortages in excess fibn on Monday and Tuesday, led to slightly the market.

Three ment between interest.

Three-month sterling interbank was unchanged 11½-11¼ while 12-month money was steady at 11¼-11¼

Short sterling futures traded UK clearing bank base lending rate

12 per cent from April 12, 1991

in a narrow range on Liffe, as June delivery flirted with a strong technical resistance level of 88.57. Dealers warned that if this is decisively broken, then a fall to 88.35 is indicated by chart movements. The June contract opened

unchanged at 88.59 and closed at 88.56 The Bank of England initially forecast a day-to-day credit shortage of £700m on the cash market, but revised this to £650m at noon and back to £700m in the afternoon. Total help of £729m was provided. Before lunch the authorities bought £312m bills outright, by way of £150m bank bills in £162m bank bills in band 2 at 11½ per cent. In the land bank bills were purchased in band 1 at 11½ per cent. Late assistance of around
was also provided.
Bills maturing in official

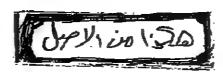
hands, repayment sassistance and a take-up reasury bills drained £161m, with exchequer transactions absorbing £550m and a rise in the circulation £70m. These outweighed bank balances above target of £80m. In Frankfust call money. In Frankfurt call money eased in 8.80 from the per and after the Bundesbank injected

a net hall into the banking this securities repurchase The central bank accepted bids of DM12.3bn for 28-day money at a fixed rate of 8.60

per cent. This exceeded an expiring facility of DM10.8bn. In Brussels the National Bank left its seven-day advances rate unchanged at 8.80 per cent at yesterday's tender for liquidity against government paper and commercial bills. This followed a cut of 10 basis points in the rate at Monday's tender.

At that time the central

ROSSWORD



KETS

÷	FINANCIAL TIMES	THURSDAY APRIL	1991	W	ORLD STO	CK MARK
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d)	Reselect APV 1,155 -750 Petrofilas 11,650 +25 Petrofilas 12,75 +25 Petrofilas 13,050 Petrofilas	Immob Pittle	Metal ligene locker 518 -5.50	April 24 Kreen + er -	3	73200 2 20 20 20 20 20 20 20 20 20 20 20 2
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	IND	ICES		···		
NEW YORK DOW JONES Agr. Agr. Agr. Agr. Agr. Agr. Agr. Agr.	w. ; 1991 Since complication	Apr.	Apr. Apr 23 22	Apr.	18 High	B1 LOW
	8 HSGH LOW HIGH LOW	AUSTRALIA All Organis (U/U00)	1510.5 1512 660.3 663	9 1528.4 [1538.4 (1940	1204.5 (26/1) 561.6 (36/1)
Name State 91.30 91.35 .;91.39 94	0.7/40 PM 0.7/4/10 0.7/120	ALISTERA CHER ANDER CRITZERO 521.58	518A1 515.		573.7 (18/4) 534.82 (16/4)	399.84 (15/1)
Transport 1157.09 1151.62 1172.67 117	0.5(2) (0.6(1) (0.7(2)) 1/10/(0.1) 1.07 1378.07 (0.43) 1532.01 12.32 (0.8/0 7/1) 57/(0.99 0.77(2) 30 220.89 194.64 226.23 10.50	BET CHURC BET 20 (1/1/91) 1898.50	1209.04 1203.2		1212.15 (17/4)	917.99 (17(1)
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Heliutus 62.99 62.89 67.33 45 Francis 31.99 31.47 31.87 31.	coste cen costess controls	GENNAMY FIX Asia (3),02/50	676.76 671.		684.61 (17/4)	570.40 (15/1) 1612.5 (15/1)
NYSE Commodia 208.66 208.39 204.23 212	वस्त लाग लागका वागवान	Comparished (1/12/93) BAX (38/12/97) PACHOL KOONG	1925.9 1898 1597.08 1571	D 1923.3	1942.3 (B/A) 1423.85 (17/4)	131715 (12/1)-
Arrest Mile. Value 365,70 364,56 379,83 373	07/49 8/10 07/4/90 05/4/42 46 373.46 296.72 397.00 29.31	Thing Song Bank (01/7/64) 3665.29	394.M 392	367,40	3869.70 (3/49	2984.01 (16/1)
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	or.10 Apr.3 year ago (appall) 2.85 2.81 3.04	MALAYBIA IGSE Despois (AMAR) 510.84	500.36 572		605.05 01/39	470.40, CLA/IU
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Tuesday traded price on day	Apr.28 Apr. 22 Apr. 19	Piet Prints Natia Comp (2/1/82) 1046.51	1622.63 1027.		1151.73 @/0	582.64 CO(1)
Most Corp 3,799 20 7% - %	Amos 11.823 10.504 15.020 MASDAG 161.548 151.439 218.014	SES AL-Singues (24/25)	dra dr	E 434.32	417.54 (34/0	335.07 (14/1)
Upjohn 44% - 1% Philip Merris 1,748,600 67% - %	times Tanded 2,067 2,055 2,059 Rhos 832 434 515	60UTH AFRICA JSE GAN (28/1/78) 1699.04 JSE Industrial (28/1/78) 1512.04	1046.0 1032 3074.8 3476		1367.0 (14/1) 3512.0 (24/6)	- 52 0(D
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Am Express 1,640,000 261 ₂ - 5, Advanced Miles 1,590,500 121 ₃ + 3, Bank of Denne 1,497,600 71 ₅ - 5,	Nur Lens 8 7 30	No. 14 (5) (10) (12) (15) (15) (15)	200,16 279.		201.22 (18(9)	213.70 04/0-;
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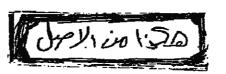
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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER



	FINANCIAL TIMES THURSDAY APRIL 25 1991	45
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Lockheed team rise after record order for fighters

Wall Street

SPORADIC buying of blue-chips helped share prices edge higher morning, but improvement was short-lived, writes Patrick in New York.

By 1.30 pm the Dow Jones Industrial Average was down 3.22 at 2.927.23. The broader-based Standard & Poor's 500 index had weakened a little earlier, dropping 0.31 to 381.45 by 1 pm, while the Nasdaq composite of mer the counter stocks continued in recent rising 1.54 II W. New York SE modest at 98m shares, while declining issues outpaced

Analysts expect the market to trade in a narrow range either side of its present levels, with 2,920 the likely floor on the Dow, and little chance in the near future of the index climbing back above What worrying analysts the lift that an nummarket bulls tors expect prices to rising rising remains high. prices have peaked and ment is about turn.

tract ever awarded in the defence industry to a team led by Lockheed, to build a new generation of fighter planes. The Pentagon is expected to order 650 planes to be built, valued at a total of \$95bn. ing, General Dynamics and

The news lifted Lockheed \$1% to \$43% on turnover of 1.3m shares, Boeing \$% to \$47%, United Technologies \$1 to \$46% and General Dynamics \$% to \$37%. Shares in the two companies which lost in the five-year competition for the fighter contract fell sharply. Northrop dropped \$3 1/2 to \$28 1/2 and McDonnell Douglas

slumped \$3 to \$47%. Goodyear rose \$1/4 to \$211/4 in spite of reporting a 7.2 per cent decline in worldwide sales in the first quarter and a net loss of \$90m, mostly due to a \$65m charge against earnings. The shares rose because the bad news had been discounted by

The Maine-based bank, Fleet/ Norstar, continued to benefit from news of its takeover of the failed Bank of New England (BNE), rising \$1 1/2 to \$23% on turnover of over half a million shares.

Procter & Gamble unveiled a

earnings per share for the first quarter, news which pushed the consumer product group's stock \$1% lower to \$83%.

NCR edged \$% higher to \$102% on hopes that the computer group will shortly reach an agreement with AT&T, the telecommunications giant, ending a five-month long takeover battle. AT&T rose \$% to \$36%. On the over-the-counter mar-

ket the ADRs of Reuters, the UK information group, slumped \$2% to \$42% on turnover of 1.8m shares after a Merrill Lynch analyst in London cut his investment rating on the stock ahead of the group's annual meeting tomorrow.

Canada

TORONTO remained sluggish in midday trade, as gains in bank shares helped offset losses in gold shares. The Royal Bank cut its prime rate by 50 basis points to 10.25 per cent, effective today,

boosting bank shares.

The composite index gained
1.4 to 3,503.8. Declines led
advances by 195 to 180 on volume of 10.43m shares.

Among the most active stocks were Varity Corp off 5 cents at C\$3 and Ipsco up C\$1/4

Olivetti falls 2.6 per cent as it passes 1990 dividend

them yesterday, reacting both to ranging mer and his speculation about impending results or designed, writes
MHAN saw particular weakness in Olivetti ahead of the

results after the market's official close. The Comit index fell 3.95 to 589.22 in thin volume before today's holiday.

Olivetti dropped L101 or 26 per cent to L3,769 on Lt. that the 1990 dividend might be miles or work omitted. After the limited closed the company reported a 70 per and drop in profit and passed the dividend. Dealers said although Milan would be closed today, the shares could come under severe selling sure in London since Offvetti has a listing on Seaq Interna-tional. Mr Carlo De Benedetti's holding company, Cir, dropped

Generali lost another L400 to L37 state-controlled banks said to had

Generali shares recently.

PARIS was enlivened by busy oil sector and resisted poor March trade data. The CAC-40 index ended 0.20 higher 1,782.03 but volume was thin # FFr1.45bn.

Oil shares were boosted by sparkling fire quarter reports from US oil companies on Tuesday. Total, which has considerable in ing capacity in the US, surged ing capacity in the US, surged

12-month high in FFr766
before easing in end FFr28 or
higher in the heavy volume of shares. Dealers spoke in genutary buying interest, although they added that there was in the property rights. of an imminent rights issue. Elf with 152,000

Among the second-liners, L'Oreal rose FFri6 FFr:565 with Synthelabo jumped FFr58
per cent to FFr848,

141.22 136.22 112.73 108.12 159.61 233.84 860.43 136.55 201.25 201.25 201.25 201.25 201.25 201.25 201.25 201.25

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NATIONAL AND REGIONAL MARKETE

Belgium (116 Finland (21 France (112).

Norway (30). Singapore (2

FT-SE Eurotrack 100 - Apr 24 Day's High Indian Day's Lim TUT Apr 22 1112.13 Apr 23 1122.04 Apr 11 1122.00 Apr III 1124,98

renewed speculation that L'Or-éal was about in all in stake

FRANKFURT firmer, but off its highs with the DAX index to higher to the back index to higher the back index to high a back index to high after a rise of 2.16 to 678.92 in the FAZ at midsession. Volume moved up from DM6bn to DM6.1bn but financials, carmakers and energy stocks were flat, leaving chemicals, a few retailers and some steels and engineers to give the market its modest lift.

Ms Barbara Schumacher, of Merck Finck in Düsseldorf, thought that the market was just ticking over. Like other professionals, she has seen the DAX attack the 1,600 to 1,620 level a number of times this year, only to fall back. Many foreign institutions, she said, have been underweight in Germany for some months and seem to be happy in that posi-tion. That means no big sellers to test, and perhaps prove market improvements in real vol-

Profit-taking took IG Farben down DM1.10 to DM27.90, after its DM3.20 rise on Tuesday on east German property compen sation prospects. It was thought that the gains in steels and engineering, with Hoesch up DM7 to DM274, Thyssen DM5 to DM227.50 and Klockner-Werke DM4 to DM155, might reflect rotation of compensation speculation out of chemicals and carmakers, and nto III heavy end II the

industrial
ZURICH
rise to SFr5,190 gain for Sulzer after the engineering company

127.90 | 180.06 | 120.08 | 120.08 | 120.08 | 120.08 | 125.25 | 115.78 | 212.54 | 217.00 | 96.53 | 120.78 | 122.92 | 97.92 | 132.42 | 148.26 | 117.77 | 76.05 | 128.48 | 121.70 | 211.77 | 248.65 | 77.926 | 2822.25 | 125.48 | 124.10 | 44.06 | 169.74 | 182.27 | 184.65 | 148.31 | 141.68 | 127.17 | 184.65 | 148.31 | 146.12 | 148.34 | 156.12 | 148.34 | 140.12 | 125.04 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30 | 122.30

122.30 153.56 122.20 123.11 106.50 123.94 123.75

intil that it planned w open in share register to foreigners. However volume in Sulzar remained limited; a 20 per cent stake in the company is owned by the troubled Omni Holdings, and 10 per cent by Omni's former chairman, Mr Werner Rey. Sulzer also said that prof-

its could drop in 1991. issue for CS Holding the ent of Crédit Suisse. shares down SFr70 to the Crédit Suisse inde de 0.9 higher at 555.7.

AMSTERDAM had a volatile then drifting lower only to recover in the afternoon on the back of a respectable opening on Wall Street and surprisingly strong results from Akzo. The CBS Tendency index closed up 0.1 at 95.5. Akzo closed F1 5.20 better at

Fl 117.30 with 138,528 shares traded after reporting higher than expected first quarter earnings earnings per share of F14.33 compared with F14.54 in the same period last year. Mar-ket forecasts had ranged from F13.00 to F13.30. Dealers also spoke of a large buyer in the

stock.

MADRID saw heavy trading in Hidrola, the utility, with around 2m traded. The price closed Ptal4 higher at Pta591 on the prospect that it will merge with Iberduero. Iber-duero finished Pta3 lower at Pta722. The general index closed off 0.18 at 281.33 in low

volume of Pta10.8bn.
OSLO continued to slide in thin volume, the all-share index falling 6.40 to 466.13 in volume of NKr186m.

123.87 173.36 119.78 120.85 206.07 13.15.47 93.16 129.11 121.02 207.41 762.41 119.24 43.12 164.61 178.86 179.00

152.69 121.17 101.54 122.06 121.80 125.41

129.07 180.63 124.79 125.92 214.72 104.84 120.32 97.06 143.87 72.81 126.12 825.65 144.93 171.52 44.93 171.52 186.51 180.57 83.69

124,64 159,10 126,25 105,81 127,18 126,91

130.67 132.92 134.86

FT-ACTUARIES WORLD INDICES Jointly compiled by The Financial Times Limited, Goldman, Inches & Co., and County NatWest/Wood Mackenzie in conjunction with III Institute if Administration and the Faculty of Administration

-0.1 5.67 +0.2 1.46 +0.5 4.94 +0.5 1.58 -1.2 2.51 +0.5 3.54 +0.9 2.27 -0.2 4.68 -0.2 4.68 -0.6 0.71 -0.6 0.71 -0.6 0.71 -0.6 0.71 -0.6 0.71 -0.6 0.71 -0.6 0.71 -0.6 0.71 -0.6 0.71 -0.7 7.78 +0.8 0.71 +1.0 4.19 -1.7 7.78 +0.9 2.03 +0.0 3.82 +0.8 2.03 +0.0 3.82 +0.8 2.03 +0.8 2.03 +0.8 2.03 +0.8 2.03 +0.8 2.03 +0.8 2.03 +0.8 2.03 +0.8 2.03 +0.8 2.03 +0.8 2.03 +0.8 2.03 +0.8 2.03 +0.8 2.03 +0.8 2.03 +0.8 2.03 +0.8 2.03 +0.8 2.03 +0.8 2.03 +0.8 2.03

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Asia's sick man shows recovery potential

John Ridding reviews the recently downcast and still lethargic South Korean market

HILE RIVAL markets from Hong Kong to Singapore and from Tokyo to Taiwan have appreciated at double digit rates since step at the beginning of this year.
Seoul has continued slump which last year brought its biggest ever annual fall. Although Indonesia has run it close, it is

ginning of 1991. At close of trading yesterday the South Korea composite index stood at 632.63, down 5.21 on the day and 9 per cent on the year. Since the beginning of 1990 it has fallen by almost

the only market in the region

have since the

However, the sick man of Asia now seems to be over the worst. It briefly awoke from its lethargy on Tuesday, when the index jumped by 3.6 per cent; and yesterday, when turnover climbed from Won142.3bn to Won180bn, investors revelled in their ability to take a profit. The question investors are asking now is not 'should I sell?", but when should I start

ASIA PACIFIC

to buy?" says Ms Melissa

The protracted gloom has been due to a combination of fundamental and technical factors. Inflation, the resulting tightening of credit, and con-cern about the source of South Korea's growth have soured

"Investment in manufacturing is still being crowded out."

While GNP continues to expand at one of the highest rates in the world, rising by 9 per cent last year, the pattern of growth has shifted dramatically ___ce 1987 and 1988. Exports, the tradifional engine of the economy, grew by meagre 3 per cent in 1989 and 1990, while consumption and

Brown, director of research Barclays De Zoete Wedd in

the service sector have taken up the slack.

source of growth is still not very healthy," says Mr Torquil McAlpine, chief representative of Schroder Securities in Seoul. Inflation, too, is rearing its

There is a feeling that the

Indices recased

Pacific Basin FT~A World S. Korea -Composite

> head again. In the first quarter of this year consumer prices rose by in per cent, nearly half the government's target for the

Jan 1991 Apr-

In an attempt to curb the spectre of double digit inflation, the government has tightened money. "The credit crunch is beginning to bite," says Mr Hank Morris, chief representative of Kleinwort Benson. He adds that South Korean companies are finding capital harder than ever to

come by.

The resulting liquidity constraint has created adverse technical factors. When the market rallies, investors, and particularly securities companies which are hardest strapped for funds, are tempted to sell. Consequently, upturns have tended to be short-lived.

Trading, too, is subdued.

Average daily turnover is in the region of \$120m, about one quarter of the turnover in the salad days of 1989.

Shafts of light, however, are now penetrating the gloom.

Exports grew by an encouraging 10.2 per cent in the first quarter, year on year, a trend which is expected to be sustained by reviving economic growth in the US and much of Europe, and by post-Gulf war reconstruction. Oil prices, critical to South Korea's import-dendent energy sector, have

also eased The stabilisation fund,

The market is closed today for

Anzac Day.

JAKARTA was higher in

inspired by the government and set up by financial institutions last year to support the ailing bourse, still has esti-mated free funds of over Won300bn (\$413m) to stimulate a rally. In addition, the pros-pect of direct foreign invest-ment, to be allowed from next year, will create a boost even before the new capital arrives. That foreign interest exists is shown by the increased prices this year for South Korean Euromarket instruments. Korean convertible bonds and warrants enable investors to gain exposure to the underly ing equity market before it is opened to foreigners. Their recent popularity indicates that foreign investors are

already implementing their entry strategies. For these investors, the hope is that Seoul will take its time to convalesce. But with one of Asia's most dynamic econemies moving back on course, they may find that the index not wait for them on its

Volume low ahead of Golden Week holiday

Tokyo

THE stronger attract luce attract equities yesterday, and share prices ended weaker after showing mitial gains and trading within

a narrow range for most of the day, writes Emiko Teruzono in Toligo.

The Nikkel sverage, which improved 254 points on Tuesday, lost 161.36 to 26,330.21 after a high for the day of 25.555 and a low of 250.230.20 26,585.66 and a low of 26,329.22 Activity remained slack ahead of the Golden Week holidays, with 350m shares changing hands. Traders said that yes-terday was the last trading day for April deliveries, and that this also depressed turnover. Declines led advances by 635

to 329, with 170 issues unchanged. The Topix index of to 1,974.03, but in London the ISE/Nikkei 50 index was up a light 0.55 at 1,496.72. The fall on the futures mer-

ket prompted profit-taking by investors looking to sell before the holidays. But Mr Dominic Henderson at Jardine Fleming said many foreign investors were waiting to buy as soon as the currency market stabilised. Japanese brokerages tried to revive the market by promo-ting big companies with good earnings prospects. Kobe Steel, the most active issue of the day, rose to a high of Y555 but closed down a net Y7 at Y545. The company expects its aluminium business to boost its results. Other large-capital

Nippon Steel down Y8 to Y469. ably to comments by Mr Alan Greenspan, US Federal Reserve chairman, that the US econ-

chairman, that the US economy was recovering. Sharp advanced Y30 to Y1,550.

Investors turned to small and medium-sized companies with low liquidity for short-term profits. Tsugami, a medium-sized machine tool maker, climbed Y81 to on individual buying. The company appected to increase sales machine tools due

SOUTH AFRICA

JOHANNESBURG rose on hopes of further easing of sanctions after the President's European tour. The industrial high, and the all-gold index firmed 15 to 1,059. The allshare index put on 26 to 3,034.

270.58 270.58 125.35 158.75 182.46 88.23 146.97 247.78 931.33 145.73 52.31 228.24 208.54 171.12 200.57 187.44

151.52 121.59 121.59 147.66 157.04 124.25 123.17 148.18 131.32 148.18

Taiyo Sanso, an industrial producer, gained Y79 Y1,070, rising over Y1,000 for the first time since November. Individual investors sought the stock on the company's growth in gas purification systems for

Nippon Electric Glass, a cathode ray tube maker, forged shead Y170 to Y2,150. It has developed technology to mass-produce boro-silicate glass for liquid crystal displays. Rumours that a large speculative group was chasing the issue also buoyed the

nents manufacturer, put on Y10 to Y1,640 on reports that it has received additional orders

for Super Family Computer, Nintendo's new video game. Nippon Oli rose to Y1,130 on news that it expects pre-tax profits for the year to and-March to increase by 120 per cent, but closed unchanged at Y1,090 on profit-taking. Other oil refiners remained firm, with General Sekiyu adding

Y90 at Y1,200 and Mitsubishi Oil Y20 at Y1,160.

Itoman, the trading company in financial trouble due to its extensive real estate and stock investments, fell Y33 to Y628. The company is now involved in an art scandal, and reports that prosecutors had started investigations by searching the company's offices prompted

heavy seiling.
In Osaka, the OSE average rose 77.07 to 29,346.71 on vol-

Roundup

MOST Pacific Rim markets recovered yesterday after their recent weakness. NEW ZEALAND, after three days of falls, rallied on foreign buying interest and a positive outlook for domestic interest rates. The Barclays index closed 29.49 or 2.0 per cent higher at 1,473.45 after turnover of NZ\$20.9m (NZ\$13.9m). Fletcher Challenge put on 8

cents to NZ\$3.92 on volume of

1.6m shares, while Carter Holt Harvey regained 6 cents to

NZ\$1.78 on 2.8m shares traded.

trading following tightening in disclosure rules. shares from 5.83m and the index rose 4.03 to 419.58. The Capital Market Supervi-

sory Board, which runs the exchange, tightened disclosure rules for public companies, including a requirement to present detailed financial reports and analysis on prospects. The banking sector led the gains on speculation that the government would soon allow foreigners to buy bank-

AUSTRALIA gained ground ahead of the Veterans Holiday today, mainly as investors converted expiring options. The All Ordinaries index improved 7.9 to 1,518.5 but turnover fall to A\$241m from A\$253

Australian Consolidated Investments sold 7 per cent or 100m shares in Nine Network for 55 cents a share to a wide spread of investors. Nine Net-work eased 2 cents to 58 cents. HONG KONG rebounded in early gains were pared by late profit-taking. The Hang Seng index climbed 63 points shortly after the opening but ended 35.65 up at 3.605.29 on turnover of HK\$1.2bn (HK\$1.3bn).

MANILA finished higher on short-covering and bargain hunting. The composite index rose 23.48 to 1,046.31 in turn-over of 111.4m pesos, against a previous 116.6m.

TAIWAN bounced up in nar-row trading, driving the mar-ket again to the 5,800 chart resistance point. However, there was concern over power rationing which could harm industry's productivity. The weighted index rallied 74.65 or 1.3 per cent to 5,806.74. Turnover slipped to T\$53.59bp from

T\$70.73bn. SINGAPORE closed at the day's high after a soft start. The Straits Times Industrial index gained 10.58 to 1.586.67 in turnover of S\$1.88.5m, up from

S\$145m. KUALA LUMPUR's compos-ite index firmed 2.46 to \$30.84 in volume of 46.7m shares, after Tuesday's 35.9m.

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SECURICOR

Thursday April 25 1991

to avoid Page 3

■ The economy: revenue

SECTION III

oportfall will be hard

Hential

Konson market

k holidar

After a year in office. the Mitsotakis government is still trying to restructure the economy and

modernise public institutions. The challenge it faces is to keep up the pace of reform without endangering the prevailing political consensus. writes Kerin Hope

Awkward, but essential

politicians are putting the fin-ishing touches to their memoi J. Mr Constantine Mitso-takis, the 72-year-old Greek prime minister, has under-taken the awkward task of making Greece more like other European Community coun-

tries.
To succeed, he will need all the tenacity acquired during a career in which the highest office always seemed to remain just beyond his grasp. Though the socialists who ran Greece during the 1980s

were mired in scandal and clearly running out of steam, it was only after three elections and almost a year of political uncertainty that the conserva-tive New Democracy party managed to scrape a one-seat derliamentary majority last

April Mr Mitsotakis' chances of heading a stable government improved soon afterwards when Mr Constantine Kara-manils, the veteran conservative statesman who led Greece into the European Community a decade ago, was elected pres-ident by parliament.

Mr Karamanlis has no executive powers as president—they were abolished by the

accialists - but as the founder

of New Democracy, he wields considerable influence in the

party, especially among poten-tial contenders for the leader-

ship. He would almost certainly

tious Communist Party con-gress where he helped the Sta-linist old guard re-establish control, Mr Harilaos Florakis, the elderly communist leader, finally stepped down. Even more surprising in a country with only a handful of female politicians, both Communists and the Left Alliance elected

He would almost certainly try to dissuade anyone who felt tempted to lead a party rebellion aimed at forcing Mr Mitsotakis to retire and provoking a fresh election. But given the magnitude of the country's economic problems and the unpopular choices necessary to solve them, this is not likely to happen in the near future.

Nor are the socialists putting Nor are the socialists putting up any serious opposition to the go and three-year stabilisation programme. Indeed, Mr Andreas Papan-dreou, the former prime minister, who was a lam almain of the ownership while in office, complained recently the government was drag-ging its heels over privatisa-tion. Mr Papandreou, also 72 and in uncertain health, has had

UN force, on the lrac Kuwait border.
But Turkey's increased some ups and downs with his Panhellenic Movement (Pasok) in recent months regional importance following the war is consist concern, while long-buried Balkan issues have resurfaced amid would-be successors started manoeuvring in position. There several mining candidates but, like their conserincreasing insistillty along

vative counterparts, they seem prepared play a waiting

In any case, the min of Mr Papandreou's long-awaited trial, together with three former cabinet ministers, on charges of involvement in the \$200m Bank of Crete embeszlement scandal rallied the party behind him. Mr Papandreou's refusal to take part in the proceedings, which he claims are the outcome of a political conspiracy against him, have taken much of the drama out of the case

of the case.

The vengeful mood of two summers ago, when the conservatives joined forces with the communist-led Left Alliance in a short-lived coalition government for the exclusive purpose of prosecuting Mr Papandreou and his closest associates, has faded away. Mr Mitsotakis has nothing to gain from reviving nothing to gain from reviving past bitterness if he wants to keep austerity on track and at the same time project an image abroad of responsible leader-

ship.
Were it not for a recent shake-up in the Left Alliance, Greek political life would almost be dull. After a contentation of the content women leaders who have scarcely turned However, continuing hattles suggest the Him is now more likely to split than the arms significant role.

In foreign policy, relations
In United States, always
unpredictable In III Papanmarked improvement. The signing of agreement for the U military bases, once a focus acrimonious political debate, was barely commented on. After contributing a frigate to the multinational force in the Gulf war, Greece is participating for the first time in a

Traditionally dressed guards march down Traditionally dressed guards march down Traditionally dressed guards march down

Greece's northern borders. Calthran of the government's performance during its first year in office centres on the sluggish pace of reform. At the political level, Mr Mitso-takis had little difficulty in obtaining a special European Community loan to avert an impending haland M pas-

and provide some I money it long-over-due infrastructure projects.

But fulfilling the terms of the EC loan, essential if the is participate in the next the European economic industrial output, runaway deficit growth and m growing

M = former economy minis-ter, Mr Mitsotakis knows that cutting civil service payrolls, being less generous with that and union, does not just many improving the ecopensions, but the tax base and curbing tax evasion will require a radical overhaul of the public administration and of attitudes among its

The price of failure, the government is beginning to fear, could be Greece's relegation to satellite status within the Com-

munity.
Mr Wilmball --- "We have to apply these policies. I'm prepared to lose the next election if I have to, but this is

election if I have to, but this is
the only way forward."
In fact, the flercest opposition to change from
within the party.
New Democracy supporters,
together with a number MPs
and party feel
ful that leader i trying in
heak the traditional rous. ful that the leader is trying in break with the traditional rousfeti system by which public sector positions, from cleaners bank governors, were redistributed by the winning party after each the winning party after each the winning party after each the winning party and with an arrived the cake.

But I have bring the economy in line with single market requirements, let alone

economy in line with single market requirements, let alone catch up Portugal and Ireland, old habits will to be cast aside. A new class of non-partisan administrators must be Improving the tion for crucial; schools ill-equipped badly-paid prievances in prolonged

grievances in prolonged Last in high around the country staged a three week sit in. The protests flared into disturbingly violent street pro-tests in Athens after a teacher was killed in a riot.

was killed in a riot.

I short-term solution, the government is trying a solution, the government is trying a solution, the government is trying a solution and economists back from abroad with a fair degree of success. But only a limited number of talented diaspora Greeks can be expected to put their careers on hold for the sake of helping thems. It will be much harder, for

example, to train several thou-sand tax inspectors and motivate them to remain honest in a system where superiors often turn a blind eye to corruption.

And just in the year since the conservatives took over, a new generation of karekloken-tavroi, administrator who cling to their jobs all costs, IN THIS SURVEY

Foreign policy: the 💵 feuds, the old troubles Relations with Europe: the piper calls the tune

MAP **KEY FACTS** The economy: wealthy

uncle becomes Banking: out page out tunds? Investing: ending the

bureaucratic nightmare Page 3 Privatisation: why the slipping is slipping Shipping: new look on the Political dynasties:

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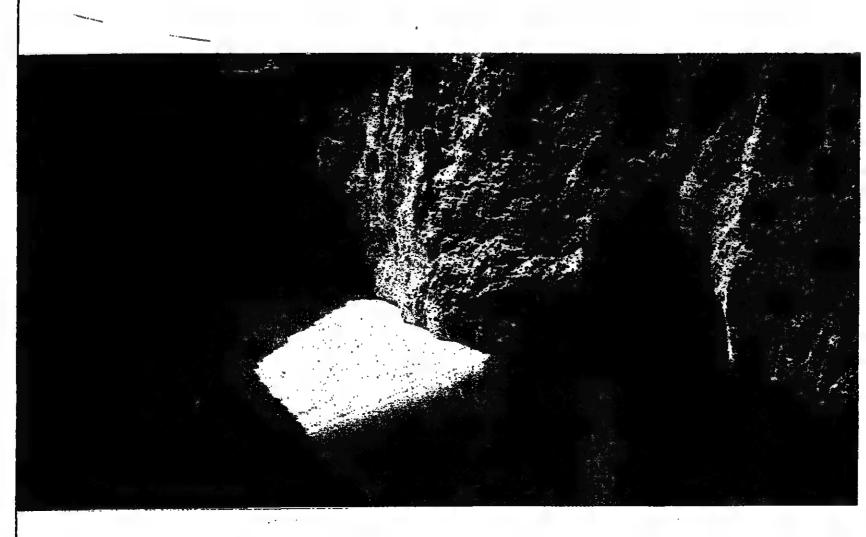
Editorial production

porary managers appointed in privatisation pro-

Still, Combined bachanger up persistent grumbling about interest rates the hover just below if per cent, but in the efficient companies in the pri-are busy positionare busy positioning themselves for expected surge in growth after the Deregulation of its labour market, with the introduction of flexible hours and part-time work is also making life easier.

There are problems in dinating policy, public sector, in private security local government for instance. The government for

instance. The government lacks management skills. But it's moving in the right the tion," says Mr Stelios Argyros, president of the Federation of Greek industries.



GREECE

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OLYMPIC

OPEN THE history books. Dust

the old maps. The trouble again in the Balkans.

foreign policy have tradi-

tionally been Turkey, Turkey again and then the III. Things are changing. Turkey still top of the list. But now the

European Community,

assumed greater importance.

In recent months foreign policy debate within the EC has been dominated by 💵

break-up of Europe and the consequences German

unification. But for Greece, problems in the Balkans are far more

"Our geographical position always meant that we have

special worries about the Balkans," Mr Constantine Mitsotakis, Prime Minister.

"Now the problems in the

There is great concern about the possible break-up of Yugo-slavia. Macadonia, perched on

Greece's northern borders, might become break-away

republic and try to pursue

Athens irreden-

claims on territory.
Turmoil in Yugoslavia would

have serious economic

It could put in
jeopardy Greece's vital
lloks with

government hard to promote

Total GDP (\$bn).

Real GDP growth (%)...... GDP per capita (\$)...... Components of GDP (%)...

Unemployed (% of lab force). Reserves minus gold (\$bn).....

Narrow Money growth 🧀 pe).. Broad Money growth (% pa).... Discount rate (% pa, Dec).....

Source: IMF, Datastream,

Private Consumption.

Gross Investment.

Trade Balance (Sbn). Main Trading Partners

(1989, % by value)..... West Germany....

region are acute."

The priorities of Green's

Athens - Greece 1990

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All Expenses & Provisions	цр	4776	to	543
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Dividend per share	tiD.	100%	to	\$ 3 172

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former premier) and are Ozal (the Turkish Pane) regimes in Bulgaria and Minister, me president) met mania. Greece In something a quandary in lawy in the third was talk rapprochement the two but nothing not of it," Mr over recent events in Albania. Earlier this year Mr Mitso-takis became the first Greek

premier III visit Tirana. A

breakdown of Stalinist-type controls in Albania has meant

partial opening of frontiers.
 Greece has suddenly found

itself the rather reluctant to thousands of members of the

There is concern that

Washington might try

to upset the ratio of

military aid given to

Greece and Turkey

"After Mr Papandreou (the

,10.2 million (WW estimate)

President Constantine Karamanlis

21.5 18.1

131.957 km

70.0

20.5 22.8

-32.0 20.4 7.5 3.4

20.7 -3.8

unents with Turkey two two presence in northern Cuprus, dating from III III invasion. The other territorial — — the delineation of the Aegean continental shelf, the extent of rial d flight

Kieran Cooke looks for changes in the country's foreign policy

While the arguments might appear stale, they still have the potential in erupt into open confil. As recent 1987, Greece and Turkey were brought to the brink of

Greek minority in southern Albania. Having talked Mr group in what I known in Suggestions that Greece has lessened its resolve in any way on the Cyprus question as North Epirus, la government cannot very well are firmly dismissed by Mr Mitsotakis. He draws parallels Mitsotakis pleaded with them to stay in Albania political changes. between recent events in the Gulf and the Cyprus question. I feel now that conditions the of moderns policy. The problems Greece and Turkey are still in same state," are better than ever for a settlement. The world reacted strongly to the occupation of Kuwait. There is a foreign Mr Thanos Veremis of Hellenic Foundation for

occupation in Cyprus. The Security Council and on the must implemented, Mr This view is unlikely to be echoed in Ankara. There are ears in Greece that Turkish attitudes are hardening. The theory is that Turkish self-confidence has been with by its role as a vital support base

for the allied forces during the Mr Antonis Samaras, the Greek foreign minister, has lobbied energetically in western capitals to try to ensure limit are little are not forgotten. At the same time, Mr Samaras has sought to reinforce relations with many gov-ernments in the Middle East. foreign policy, with the excep-tion of attitudes to Turkey, has lacked consistency. Mr Papandreon sought to weave a com-plex set of relationships with the third world, with the coun-tries of the Middle East and with with of the now disgraced governments of eastern Europe. During his office, there was much talk but behind a scenes

Athens remained close Washington. In the middle of last year Mr Mitsotakis — me the first Greek premier to make an official visit to the US in 27 years. He describes relations now as "excellent". A new agreement on US bases in



Greece has been signed. Out of the four bases one has already been closed through Pentagon cost-cutting measures, while another is due to stop operat-ing later this year.

But there are still some polit-

ical difficulties between Athens and Washington Greece was angry about a State Department directive during the Gulf war advising to national not to the Athens.

More broadly. Greece is concerned that a Washington which is now more well-disposal towards larkey might try to upset the sevento-lo ratio in military aid given to Greece and Turkey. Howthat fact - for some time more US aid has been

to Turkey. American officials in Athens it is clear that the EC is now seen as "big brother" in Athens, rather than the US. ardent integrationists in the EC. It wants a common defe network and to become a mil member of the Western European Union (WEU). Some officials in Athens say Turkey has been actively the against

Greece has been heartened by Willi it sees as increased EC interest in the Cyprus question. Luxembourg, the present holder of the EC presidency, has proposed some form of initiative on the issue: however, some BC members

is seen as an argument between Greece and Turkey. Last month Greece again used its veto within the Community to block Ecu600m worth of EC aid to Turkey. The aid had been linked to progress on the Cyprus issue. Greece said that if Turkey were to receive the funds, it would be seen as "a reward for Turkish intransisence."

Again, some BC members were unhappy at this develop-ment. Greece recognises that its interests are best served within the BC. But it is also beginning to realise that there are limits to EC patience when it comes to old and seemingly intractable arguments between

The piper calls the tune IN THE west are parts of

Athens, to the coats come out during the short spells of winter weather. The children winter weather. The children of the wealthy - there are plenty of them - while away their time in coffee bars or parade round the city expensive cars. House buyers full his nill sarry antimess foll of draching to complete cash purhave for properties which have recently risen to Londonstyle prices.
At times it is hard to recon-

cile life in Greece with the offi-cial statistics: on a wealth per head basis Greece is now the poorest country in the EC. It also has the worst economic health record in the Commu-nity. It has been saved from financial pneumonia only by emergency in the control of the country in the coun Brussels, in form recently approved loan – granted on the strictest

was the year when the isC finelly ran out of patience with Greek governments which seemed either unwilling or unable to put the country's finencial affairs in some sort of

terse letter to the then "ecumenical" government. He said the deteriorating economic situation in Greece threatened the future not only of the country but also jeopardised future developments at the EC. Greece, all Mr Delors, was not behind the Community to the point where the EC's course single market, monetary single European maller in in im-

ger of being permanently undermined." Greece's and the collisions was increasingly at risk due to a rapidly rising public debt and other imbalances in the econ-omy. "We think it indispens-able that drastic measures be quickly taken to make clear

the country's willingness to reduce these imbalances for good," said Mr Delors.

RELATIONS WITH EUROPE

direct language of the cate protocol the Commis employs in its dealings with sovereign EU governments. The BC was angry that Greece failed in the by the terms of a \$1.7bn BC gency loan made in 1985. The message this time was clear if Greece did not put its economy in order, the country risked being left behind by the rest of the Community.

The new EC loan — finally

Problems should be solved 'within the family', said Delors

approved in February this year
— sets the parameters of Greek
— policy — the
three years. The loan is in
three tranches and is set on
what the Commission what the Commission describes as "strict and comprehensive conditions.

These include bringing inflation down from 17 to 7 per

cent, cutting governborrowing 17 cent of GDP to 1.5 per cent in reduction in public sector employment, curbs on public sector pay rises and a radical broadening of the tax base. The government is in desper-ate need of the loan to cover a current account deficit which totalled \$3.2bn in 1990. The loan is also necessary to ensure Greece's continuing cre-

ditworthiness as it goes to the market for an estimated \$3.60n of foreign borrowing this year. Mr Constantine Mitsotakis, the Prime Minister, denies that the terms of the loan consti-tute an infringement of Greek sovereignty. "What appears to imposed from outside was in fact our policy," says Mr Mitso-takis. "We told Immed to tell

us these things. Our economic policy is a very courageous one and has various political and social risks almosed to it. But we are determined to carry out

Omonia Square in Athens. Thousands of the Greek minority in uthern Albania have made their way to Greece

these vital reforms."

Some Greek officials admit that the fact that Brussels is seen to be imposing its terms economy has made life easier for the government. In the divi-sive world of Greek politics it would have found it hard to There could have strikes and social chaos. There was some disquiet

within k ranks about the loan. Mr Mitsotakis says agree ment reached only ment consultations "at a very high level". At meeting of EC finance ministers in Milan last December it was suggested that Greece should turn to the IMP for belp. But Mr Delors have argued that a should be found "within the family" of the EC. If Brussels shows signs of

impatience with Athens, then many Greeks also feel that rich, well-developed countries of the EC do not have sufficient regard for their country's problems - whether politics or culture. "We Greeks have been slow to learn the intricacies of dealing with Brussels and have had difficulty in co-ordinating our poli-cies," says one official. "For that we are penalised."

Like other countries on the EC's periphery, Greece feels it must be granted some special treatment if, in the words of the Brussels bureaucrats, there is to be "a level playing pitch"

between EC members. On the macroeconomic level, Greece cannot be said to have made the most of the opportunities offered by its 10-year EC membership. In 1981 Greek per capita GDP was 58 per cent of the EC average: it is now 51 per cent Large inflows of EC. money in the early 1980s were not used to make the fundamental readjustments sary in the economy. Rather than modernise the

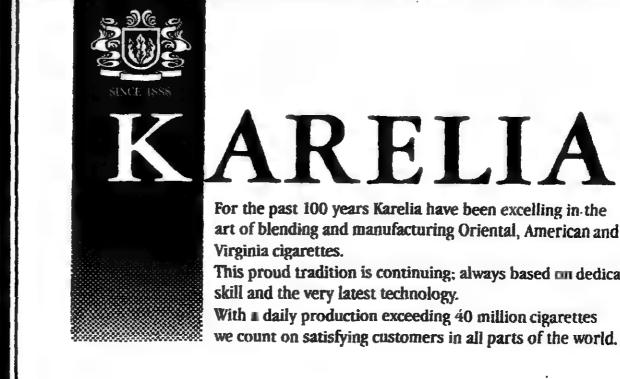
agricultural sector by invest-ing in agribusiness industries, funds were used to import new cars or buy videos. As hap-pened in several other EC member countries, there was no proper supervision of spend-ing. III momes helped the former socialist government of Mr Andreas Papandreou to carry tradition of making political appointments to the circular envice and give electorally beneficial pay rises.

Mr national economy minister during the middle years of the Papandreou era but resigned in 1987 when the former govern-ment, with an election, abandoned its austerity programme. He admits that mis-takes have been made and that as a result Greece only has "a weak voice" within the EC.
The trouble now is that the government does not have any specific plan as to how it will bring about the reforms Brus-sels is asking for. For instange, it has no idea about how to levy taxes on farmers," says

fied market and 1992 in Greecs. Ecu7bn of EC structural funds covering the 1989-93 period may not be fully utilised due to the lack of public and private matching investment. Of more immediate concern are the implementation of wage agreements and bringing down infis-

Greek attitudes have changed. Greeks are firmly in favour of EC membership, even if many still refer to Europe as "over there". "We must make secretices and fight hard to play our full part in Europe," says ■ Greek official. "If we fail now, we risk being permanently marginalised."

Kieran Cooke

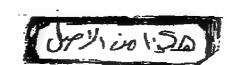


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Twice in the past six years,

ssistance from Brussels in the

The Control of Miles

The economy: Kerin Hope says it will be hard to avoid a revenue shortfall

Wealthy uncle becomes less indulgent

form of an emergency balance see what happens." But the European Commu-To ensure the drachma can enter the Exchange Rate Mech-anism of the EMS by the end of nity, which granted Greece an Ecu2.2bn (\$3.7bn) loan in February, is much less indolgent 1998, inflation must come down than it used to be. Stringent to 9.5 per cent that year, from 22.8 per cent in 1990. This conditions were attached before the first tranche of

year's target is 17.5 per cent. Central administration borrowing, which totalled 13.1 per cent of GNP last year, is expec-If Greece is to participate in the next phase of European monetary union, it must meet mbitious targets for reducing this year and reach a minimal 1.5 per cent in 1983. The current account deficit a chronically high inflation rate and public sector borrow-

must be limited to 3 per cent of GNP, compared with an averng requirement in the next three years. Mr Efthymios Christodoulou age of over 4 per cent for the the economy minister, says: "It's a basic choice. Either you t two years. Other conditions call for the

follow the other 11 (EC mem-bers) and make an effort to kind of reforms that Greek economic analysts have advocated submit to painful measures, or for years but governments

were always reluctant to apply because of the political cost. They include a 10 per cent cut in civil service staffing levels by 1993, a broadening of the tax base to include more farm-ers and an effective crackdown on tax evasion by restructur-ing revenue collection.

Such strict conditionality is the result of the former socialist government's failure to keep the terms of an Ecul.5bn Community loan in the mid-

Structural reform was largely ignored but the govern-ment managed to cut the PSBR from 18 to 13 per cent of GDP and bring inflation down from 22 to 12 per cent before yielding to pressure for substantial

public sector jobs for socialist supporters in the run-up to the June 1989 election, quickly dissipated the gains from two years of tight austerity.
Crucial economic decisions

were postponed during almost a year of political stalemate before the conservatives' nar-row election victory last spring. Now the government cannot afford any delay at all in implementing reforms if it wants to benefit from a recov-ery forecast for 1993. By that time, another election will be imminent.

One encouraging sign has been union willingness to accept pay rises well below the inflation rate, following the wage increases.

abolition of automatic index-inking of wages at the end of

deterred them from expanding their retail banking operations or from becoming the leading players in handling mergers

The revised framework will

also reinforce the position of the two leading private Greek banks, which between them hold 14 per cent of deposits. Both have carved out profit-

able niches, expanding into leasing and brokerage activi-

ties in recent years, while

avoiding involvement with the

loss-making public sector cor-

"The private banks have already done well out of dere-

gulation. We're more flexible.

It's a question of quality of ser-vices. Our bank is modelled on

the kind of helpful high street bank that doesn't exist any

more," says Mr Constantine

bank, which looks after small businessmen and is one of the

most profitable banks in

1990. This year public sector employees will receive nominal s of 8 per cent. In the private sector, a land-

mark agreement was struck that seems to guarantee smooth labour relations for the next two years. The unions agreed to a basic 12 per cent increase for this year and 9 per cent in 1992, when inflation of 14 per cent is forecast.

In fact, inflation could drop below 17 per cent this year. "Underlying inflation, especially labour costs, is below the consumer price index, and this year's target was set when the outlook for oil prices was much gloomier," said one analyst.
Growth this year will be restricted to less than 1 per cent, but even that would be growth of minus 0.4 per cent, largely as a result of a sharp drop in agricultural production after a disastrous drought.

The main challenge for the government is to meet its budsector expenditure and increas-ing revenues. There has been little sign so

far that the deficit-plagued public sector enterprises have reined in spending, though a new scheme requiring them to submit monthly accounts to the Economy Ministry should imprese more discipline. impose more discipline About 35 per cent of budget

make it hard to determine when an enterprise is outside the law. But it's true there is a lot of corruption everywhere." revenues are already ear-marked for serving the public The black economy, esti-mated at 30.40 per cent of GDP, is under attack. Buoyed by the debt. Even if the stabilisation programme meets all its targets, overall debt will still total

mando unit" to frighten more proprietors into producing cor-rect receipts on their newly

But the new income tax structure will not come into effect until 1983. In the meantime, tax returns will be sys-tematically cross-checked this

success of its raids on night

clubs and restaurants, the min-

istry is setting up a "tax com-

year for the first time. It is becoming increasingly clear that the government is unlikely to collect the expected income from its privatisation programme. The Industrial Reconstruction Organisation was expected to sell about 20 companies under its control this year. Due to lack of interest from buyers, it seems that

to be liquidated instead.

Another important potentia source of revenue, sales of land bonds redeemable as building ule. If as seems likely, they are not introduced until late in the year, it will be hard to avoid a

BANKING

Out go curbs, out go funds?

SANK OF Greece officials are professing confidence that when restrictions on long-term capital outflows are finally lifted next month, there will be no large-scale flight of funds. But if a note of trepidation creeps into their voices, it is hardly surprising. The liberalisation, which

will bring Greece into line with its European Community part-ners by permitting individual Greek investors to buy property and securities abroad, is already more than a year over-

Successive governments obtained an extension, citing a steadily worsening current account deficit that reached \$3.6bn last year, over 5 per cent

The deficit is shrinking only slowly, but a commitment was made to freeing outward capital movement this spring under the terms of the EC emergency balance of payments loan to Greece.

Mr Dimitris Chalikias, the governor of the Bank of Greece, belives the benefits of liberalisation will quickly outweigh any adverse effects on the balance of payments.

"We're not very worried about the effect on the current account deficit. It won't be so large. The important factor is the confidence it brings, which will encourage capital inflows

There are no longer any restrictions on inward capital nent, or on direct inve nent abroad. Greek companies are already allowed to borrow from foreign banks, in foreign currency if they wish.

But until last year, total Greek purchases of foreign securities were limited to Ecu50m (\$60m) yearly in EC and European Investment Bank issues. At present, Greek mutual funds can place no more than 25 per cent of their portfolios in foreign stocks.

The average Greek business man still aspires to owning property in England or Switzerland and a portfolio of Wall Street stocks, though the flourishing equity and property markets in Athens mean such

investments may be as much a status symbol as a hedge against the spectre of political or economic turmoil at home. The Bank of Greece view is that the serious money has already left because wealthy Greeks have little difficulty in bypassing regulations in order to transfer capital abroad.

Mr Chalikias says: "If we consider the structure of foreign exchange receipts, invisibles are the most important item and private. capital inflow is a very large n. This structure make relatively easy for capital to be exported unofficially." Nonetheless, a steady trickle

"We have one of the most antiquated banking systems in Europe, so we needed a mechanism

of funds abroad can be expected as smaller Greek investors experiment with purchases of foreign securities or buy sec-ond homes in parts of western Europe where prices compare favourably with those in

for change"

On a lesser scale, lifting the current yearly calling of \$300 on credit card purchases abroad, also included in the liberalisation, will add to the

absorbed, "this move will prove a catalyst for changing the entire Greek financial landscape," according to Mr George Zavvos, European Parliament member who chairs the recently established committee for the reform of the Greek financial system. The committee's aim is to

implement EC policy on bank-ing and securities as swiftly as possible. This involves prepar-ing a considerable amount of new legislation. While the Bank of Greece has been steadily deregulating the banking system over the past five years, little has been done to overhaul its legal framework.

work for the European Com-mission, should be the ideal person for the job: he was responsible for drafting the

antiquated banking systems in Europe, so we needed a mechanism for change. The image of Greek regulatory institutions needs to be reformed. Integrity and efficiency are terribly necessary if we are to start com-peting with the rest of the The committee has already

prepared legislative decrees on solvency ratios and capita adequacy arrangements that will bring Greece into line with andards worldwide. A law is being drafted on banks' accounting plans; a much-deme for guaranteeing deposits is nearly complete.
Improvements in prudential supervision are also high on

the agenda. Testimony in recent weeks by Mr Chalikias and other Bank of Greece officials at the trial of several for-mer cabinet ministers accused of involvement in a \$200m embezzlement scandal at the privately owned Bank of Crete revealed that, without govern-ment support, the central bank was unable to mount an effective investigation of its own. Once the new legislation is in place; the state-owned Greek banks, which still control more

much stronger pressure to modernise, Mr Zavvos says.

"The state banks have s competitive advantage in their proximity to the client plus their networks all over Greece. Their unions are weaker than they used to be, so there is a chance to improve efficiency. But they need up-to-date tech-

than 70 per cent of deposits but

opportunities offered by dere-gulation, will come under

nology and management."
For the 22 foreign banks, the reforms will mean "a more level playing field," according to one foreign manager. Though the foreign banks complain about the vagueness of existing legislation, it has not

BANKING IN Greece is not an easy business. One of the main hiccups is communications. The telephone network, starved of investment for the last two decades, is overloaded and outdated. Banks in the state sector are chronically overstaffed. Labour problems

are a common occurrence.

For the customer, even the simplest transaction can take a great deal of time as tellers wrestle with telephones that don't work and piles of paper-

Mr Panagis Vourloumis is the managing director of Alpha Finance, "the closest thing to a merchant bank in Greece", as he puts it.

"Our communications technology is years out of date. People cannot get in touch Mr Vourloumis says.

He feels that if there is not substantial investment and reform in the banking sector oon, Greece risks being left behind not only by the more advanced countries in the European Community but also by Spain and Portugal which are already putting into place new banking systems. He believes that Greece has exper-tise in many areas and could develop a proper financial ser-vices industry.

"At the m ment financial services are only an appendage Ending the nightmare

develop independently, for instance if offering banking expertise and services to comtries like Bulgaria and Romania – places where Greek banks, more than the more developed institutions in Germany or the UK, have a knowledge and feel for the

Alpha Finance has been approached by various east European countries but, Mr Vourloumis says, it alre has more than enough busi-ness in the home market. Even with our communications problems, we can compete with the foreign banks." Set up two years ago, Alpha Finance belongs to a group of financial services companies founded by Credit Bank, Greece's largest private bank, which include stockbroking, asing, insurance and financial information services. Credit Bank is the largest

shareholder, Samuel Montagu also has a small stake, with the rest of the institution's country it has to be, then the whole economic outlook will equity held by employees - an

innovation in the Greek bank-In the past two years, with a dramatic rise in business on the Athens Stock Exchange, Alpha Finance has been closely involved in helping several companies go public. Together with Credit Bank,

Bank customers carry briefcases bulging with drachma

it launched two mutual funds,

Finance Ministry is confident of maintaining last year's growth in tax income of more

than 30 per cent. But tax eva-

sion deprived the government

of Dr350bn in revenues last

year (\$1.9bn), equivalent to

about 3 per cent of GDP.
Mr Yiannis Palaiocrassas,

the finance minister, says: "Much of the present evil in

the tax system stems from

apparently contradictory provi-sions and regulations that

Kieran Cooke on investing in the country

a diversified equity and a fixed income fund, the first of its kind in Greece. The two funds manage more than Dr20bn (\$110m) in assets. Alpha Finance is also involved in the government's

privatisation process, carrying out valuations and acting as financial adviser on the sale of several companies. "Privatisation is a revoluful, and for the future of the

He points out that as the ecession bites deeper, "some foreign institutions have come to pick the crumbs from the Greek table - something we welcome because it broadens the market."

But Mr Vourloumis and other bankers accept that Greece is still viewed as a bureaucratic nightmare for

some foreign institutions.

While profit repatriation is permitted, bureaucratic stipulations result in tortuous holdups. A combination of labour problems and telecommunica-tions difficulties has held up progress on automated banking. Cheques are almost as rare as a free taxi in the Athens rush hour. The black economy encourages cash transactions. It is not uncommon to see customers carrying briefcases bulging with drachma in and out of banks. "Setting up Alpha Finance was an expression of our faith

was an expression of our faith in the future," says Mr Vourlonmis. "I am an optimist things are going to change.

Kerin Hope

The No.1 Greek Enterprise

PUBLIC POWER CORPORATION

"Electricity represents a considerable proportion of the total final energy consumption in Greece, so our investment policy at Public Power Corporation constitutes a major part of the national energy policy", says Professor Themis Xanthopoulos, General Manager and Chief **Executive of the Public Power** Corporation (PPC). "One of the

main goals of this policy is the promotion, to the highest possible degree, of the country's independence from external sources of energy supply." In addition to this aim PPC must

invest in the expansion of Greece's electricity generating capacity in order to meet the continuing growth in demand. Over the past 10 years demand has increased by 48.2%. To this end PPC has increased total capacity to 8.663 MW in 1989 from 4.872 MW in 1979". according to the ten-year development plans of the late These programme possiblilities have been exhausted by the end of 1989 and an urgent need for new power-stations concluded into a new and ambitious ten-year plan, officially announced by the Prime Minister. Mr Konstantinos Mitsotakis, last January, he adds.

PPC, the state-owned electricity company, is the largest corporation in Greece, employing 34,000 people. Serving a customer base of over 5.6 million, PPC provides electricity to residential, industrial, commercial and agricultural users.

In addition to the thermal and hydro power plants and the transmission and distribution of electricity to consumers, PPC is also responsible for the development and operation of the major lignite mines in Greece which provide fuel for the country's large lignite-fired power stations. The lignite provides 75% of the country's electrical energy. The distribution network is made

up of the national interconnected grid which supplies electric power to mainland Greece and islands close by and the "insular" system, through which the islands derive their electric energy from local power-producing units.

"One of the long-term aims of PPC is to link many of the islands to the mainland and the national grid using submarine cables. This would enable PPC to achieve the highest degree of efficiency and optimisation in power generation and distribution", states Xanthopoulos.

Since its establishment in 1950 RPC has grown rapidly. Beginning operations selling electricity in bulk to the electric utility companies, by 1963 PPC had acquired all 400 utility companies to become the sole producer and distributor of electric energy in Greece.

Today the corporation owns assets with a book value of over \$7 billion and is expecting turnover in 1991 to top \$2.9 billion, compared to \$2.1 billion in 1987.

Investing in National Resources

The philosophy of PPC's new tenyear Development Plan which has been unanimously approved by representatives of the competent social instrumentality, Corporation's personnel and the Government, is founded on objectively sound fuel choices for the new thermoelectric units and places high priority on hydroelectric and mild-renewable sources of energy. It ensures continuous economical development and as part of the nation's plans to reduce reliance on imported energy sources, particularly oil, it is also based on the use of

lignite, found in abundance on North-West mainland. The budget for PPC's five-year investment programme covering the years 1991-1995 amounts to the equivalent of \$7.7 billion at 1991 prices. Of this sum, \$3.5 billion is to be invested in thermo and hydroelectric power generating. capacity, \$3.2 billion is to go towards upgrading transmission and distribution and \$0.6 billion has been earmarked for environmental protection.

domestic resources, principally

During the five-year programme. PPC is planning to bring into operation a lignite-powered unit (Megalopolis IV) with an installed capacity of 300MW, to prepare four other lignite units (installed capacity 1200 MW) and expend over \$700 million on the development of its lignite mines in order to supply these new lighte-fired plants.

In addition, a total of 12 hydroelectric units with a combined installed capacity of 599MW are to come on-stream during 1991-1995. Innovations in power generation are also included in the investment programme. For the first time in Greece, PPC is to open two gasfired combined cycle units with a total installed capacity of over 600MW, two natural gas-fired units in Thrace with a total capacity of 300 MW and another coal fired unit with a total installed capacity of 600 MW. Investment in the distribution network includes development of the Energy Control System for the national interconnected grid, which will greatly enhance the reliability and security of power transmission and distribution.

Another-new development is the inclusion of a desulphurisation facility at the Magalopolis IV unit. The Installation of this facility, which will cut the unit's sulphur dioxide emissions by 90%, underlines PPC's commitment to cleaner energy production.

The importance of these two projects security of supply and protection of the environment - has been recognised by the EEC, which has approved grants amounting to 45% and 55% of the cost of respective projects to PPC.

The insular system for electricity generation and distribution is not being overlooked. Pending the laying of two submarine 150MW cables linking Crete to the mainland and the national grid by 1997, PPC plans to install immediately a new diesel-fired combined cycle unit in an existing power station with a capacity of approximately 120MW, and to construct a new power-station to ensure security of supply on the island for the period 1995-2005.

The Greek islands are also an excellent development ground for renewable energy source technology. The 1991-1995 programme will provide for development and operational use of such sources as wind, solar and geothermal energy.

For example, a contract, valued at the equivalent of \$15 million, has already been awarded for the installation of four wind parks on the islands of Samos, Chios, Lesbos and Andros. Together, these wind parks will provide a capacity of 8MW. Moreover, PPC is inviting tenders for a fifth wind park, at an estimated

cost of \$10 million, to be established the island of Euvia with a capacity of 5MW and for five deep geothermoelectric wells on the island of Nisiros, at an estimated budget of \$9 million.By the end of 2000 the wind parks will provide a capacity of approximately 150 MW, the geothermic wells a capacity of 50 MW and the exploitation of solar energy a capacity of 1 MW.

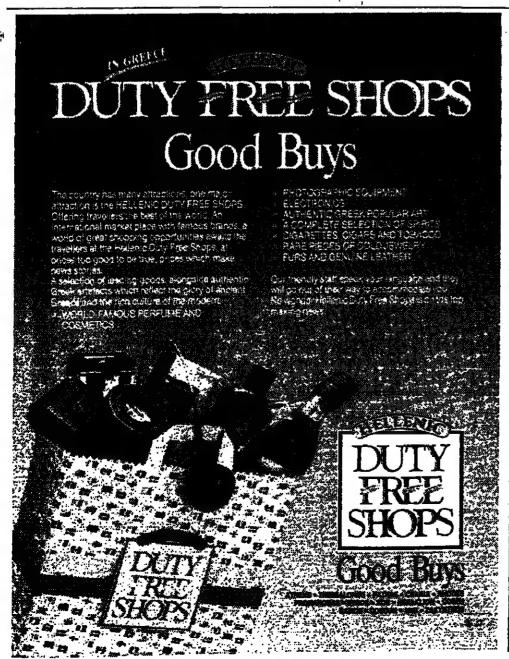
The other major element of the five-year programme is the development and modernisation of the corporation's technological base. Automation computerisation are being introduced into many areas, such as power plant operation, load dispatching and information processing systems.

Commitment to a **United Europe**

PPC is also looking ahead to the effects of the unification of the European Community as a single market. One of the main aims of the EEC in the field of power generation is the linking of the grids of all member countries. Although the Greek grid is currently linked to the EEC through the network in Yugoslavia, which is not an EEC member, Greece is looking for a direct connection.

In this regard PPC is now moving full speed ahead, in close cooperation with Enel, for the design and construction of an underwater power cable which will effectively link Greece with the European grid network. The final agreement between Enel and PPC for the construction of the cable has just been signed. Initial estimates put the cost of the project at \$350 million. This project, being a basic infrastructure project for the implementation of the EEC's common carrier policy, is expected to attract a major funding contribution from the EEC.

"PPC is committed to playing a major role in the economic expansion of Greece and is working to meet the challenges presented by the establishment of the single European market. Our investment programme is the proof, concludes Xanthopoulos.



Pireaus, the port of Athens, is trying to attract new shipping and financial activities There is something of a revival in shipping, reports a special correspondent

A new look emerges on the Piraeus waterfront

SOMETHING OF a "new look" has emerged on the Piracus waterfront in the year since the conservative New Democracy party came to power. It started with a decision by Mr Constantine Mitsotakis, the prime minister, to take on the shipping portfolio himself, a move seen by the community as long overdue recognition for its contribution to the economy, as major employers and earners of foreign exchange.

Day-to-day running of the Merchant Marine Ministry was left to Mr Aristotle Pavlides, who eventually took over as minister six months later. By that time, the prime minister's promise to address the shipping industry's problems with "imagination and daring" had resulted in new measures intended to boost the competiin the international market. Tonnage tax on vessels of

80,000 gross tons was slashed by 75 per cent, while ships from 40,000 to 80,000 gt were granted a 50 per cent reduction. An extension of the tax breaks to smaller vessels is now under consideration by

The crew reductions removed up to five members from the complements required on Greek flag vessels. To ers' unions, Mr Pavlides made it clear that this was mainly a paper exercise to normalise a situation in which companies applied individually to use reduced "experimental" crews.

The government has also acted on shipowners' long-standing complaints about the dismal state of telecommunications in Piraeus. Efforts by the Greek PTT to upgrade the sys-tem include a pilot project giving the port priority. By June an extra 17,000 lines should become available, together

with other improvements.

Maritime education, another nagging problem in the eyes of owners, is also being tackled. Some training schools that were expensive to maintain and not fully used have been closed. Now the British sandwich-course training system is

being adopted and the ministry

is consulting owners on further reforms to be implemented in the 1991-92 academic year.

Though the government's moves were favourably received by the shipping com-munity, the number of wessels sitracted to the national flag has remained relatively small. This is largely because of fac-tors over which the government has little control.

Just as the tax and crew cuts were announced, a wave of strikes paralysed banks, com-munications and power supplies for a three-week period. The walk-outs underlined all too clearly the kind of prob-lems that owners had been pointing out for years. Piraeus

The owners always look at the bottom line

shipping offices were forced to relocate staff abroad temporarily, to keep in contact with

In addition, a weak freight market and an uncertain out-look worldwide following Iraq's invasion of Kuwait were more than enough to induce hesitation about changing office location or flag.

Nonetheless, figures have improved. At the end of 1990, the Greek flag flest stood at

2,031 vessels totalling 22.53m gross tons, compared with 2,003 vessels of 21m gt at the Foreign exchange earnings from shipping soured by 29.3 per cent over the same period to \$1.79bn, the highest total since a 1981 peak of \$1.82bn. The trend continued in January this year with earnings

increasing by 21.1 per cent to \$139m, against \$111.5m in the The fleet's accident record also improved, with incidents in 1990 to 54 from 58 the previ-ous year. However, 51 lives were lost compared with only nine in 1989, principally because of two disasters.

Mr Pavlides stresses the need to rebuild a climate of trust between owners, seafarers and the government.

Unquestionably, the govern-ment's efforts have made a dif-ference. But Greek owners will continue to be market-oriented

Piraeus office. Still one indication of a revised perception of the situa-tion in Greece came with the announcement by the London-based Papachristides Ship Management Services that it would transfer its ship man-agement operation to Piraeus

The shipowners' associations continue to emphasise their stated aim of attracting new shipping and financial activiers, individualists to the last, always look at the bottom line where their own business is

One of the major issues, especially for smaller owners, is fleet replacement. By the end of 1990 Piraems benks were offering new types of facilities to clients such as standby lines of credit for future vessel pur-

As ship values dropped in the second half of the year, Greek owners, with their tradi-tional knack for spotting a good buy, began to inspect ves-sels with a view to purchasing. The Gulf war put a temporary brake on plans, but since late February, owners have come strongly into the second-hand market again, showing interest in a wide range of ve

At the same time, two Piracus-based companies have for products carriers. One, Eletson Corporation, is already the largest dedicated produc shipping company in the world. The other, Forum Maritime, is only now preparing to enter the wet trades

Both new building contracts are for modern, highly sophis-ticated tonnage in line with standards required for trading with the US. They are an indication of the moves being made in the Greek shipping industry to slough off an unflattering image of operating an elderly fleet, kept under tight family control.

Why the timetable is slipping A RECENT survey of Greek industry caused a stir by point-ing out something the Finance

the total amount of tax paid. each year by private sector short of the overall figure for losses incurred by public sector corporations.

It is not just the state-owned transport and utilities companies whose payrolls are swelled by political appointees with little interest in boosting productivity. The public sector also has a dominant role in manufacturing though that is less

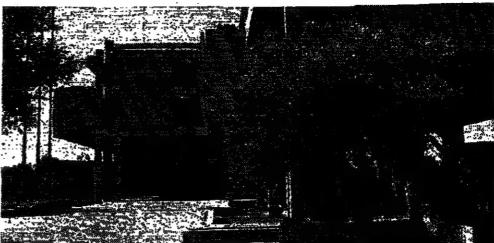
facturing though that is less visible, since many larger com-panies are controlled indirectly through the state-owned banks. Others belong to the Organisation, a state univella for a group of debt-burdened companies nationalised in the early 1980s by the former

socialist government.
While the socialists were held responsible for weakening Greek industry through selections in sections. they considered strategic, the seeds of today's crippling defi-cits were undoubtedly sown by. the statist policies of their right-wing predecessors. However, Mr Constantine

However, Mr Constantine Mitsotalits is determined to reverse past attitudes. The prime minister himself supervises a wide-ranging privatisation programme launched immediately the conservatives came to power last April.

The companies to be privatised form a profile of Greek industry; among them are shipvards, mineral processing yards, mineral processing

units, a textile group, several paper mills, a leading construc-tion company and a group of co-operative dairies that belong the sale of a 49 per cent stake in Olympic Airways' catering to the Agricultural Bank.
The original aim was to dispose of the 20-odd companies subsidiary to Abela, an inter-national industrial caterer. Valuations and appoint-



and the second s

Kerin Hope on the progress towards privatisation

took longer than expected, while potential buyers were fewer than anticipated given the surge in acquisitions of Greek manufacturing units by both lead and foreign compa-

both local and foreign compa-

nies over the past two years. Mr Yiannis Piperoglou, an

independent consultant serv-

ing as secretary to the govern-ment's privatisation commit-

quickly as possible and encourage the banks to shed another 70 companies. As a parallel measure, legislation was passed permitting the sale of up to 49 per cent of public sec-tor corporations through the Athens Stock Exchange

To co-ordinate the process, the government issued official guidelines for handling sales and appointed N.M. Rothschild the British merchant banker But the timetable has slipped badly and it now seems unlikely that this year's budget forecast of Dr200bn (\$1.2bm) in privatisation revenues will be met. Only two small IRO com-panies have been disposed of, a yachtbuilder and a plastics manufacturer. One partial pri-vatisation has taken place with

tee, says: "When we started, I was looking forward to putting was looking forward to putting some deals together. But we all underestimated the legal com-plexities of privatisation. The process will take years and get-ting rid of the IRO companies is only a small part of it." Government officials admit that chairmen and managing

directors of some companies on the privatisation list have resorted to delaying tactics to keep their jobs for as long as possible. Last year the IRO companies' losses totalled Drift and their accumulated

mant that the IRO must shut This means in effect that a number of companies will be have to liquidated since the IRO will be unable to continue its current practice of extend-ing deadlines in the hope of

Further delays may be caused by a European Court of Justice decision in a case brought by the former owner of an IRO company. The court is expected to rule that the socialists' method of nationalisation, through a compulsory increase of share capital, flouted Community directives on company law because share-holders were not consulted. Such a ruling could bring a

spate of lawsuits against the IRO as other former owners see a chance to recover control of their companies, or at least

touch with the European Commission to make sure that terms of sale for larger industrial companies, such as the heavily subsidised shipyards, do not run foul of directives on fair competition. Much attention is being

focused on the upcoming sale of Heracles General Cement, by far the best buy among the IRO's holdings and one of the few companies slated for priva-tisation that has posted operating profits in recent years.

While Heracles was being valued, the statist faction in the government argued in favour of keeping it in the pub-lic sector. The company was nationalised in 1983 with a capitalisation of debts totallin Dr27bn. The move later allowed the IRO to gain control of 70 per cent of its shares. Even before the government

committed itself to selling Her-acles, the Commission had

writing off debt violated com-petition rules.

Despite the legal complica-tions, there is no shortage of interest in Heracles, said to be Burope's largest single cement producers. The company's pre-tax profits totalled Dr11.9bn year on Dr41.6bn turnover.

chairman of Mr Stelios Stavridis, a former Heracles execu-tive who left shortly after its underlining the government's intention to speed up its sale.

The company has deteriorated while under state con-

trol, but it is still in reasonably sound shape. My job is not to get involved in running Heracles but to accelerate the pace of privatisation. I don't intend to have to stay here longer than nine months," he says.

The country's political dynasties

A family business

A QUICK glance at the list of members of Parliament sug-gests that Greek politics is still very much a family business. dinisters, Mr Constantine -Mitsetakis and Mr Andréas Papandreou, have a daughter and a son respectively in the House.

This is not really a coincidence considering that both leaders launched their own political careers from similarly privileged backgrounds. Mr apandreou's father was a centrist prime minister. Mr Mitsoing modern statesman

Descendants of the old zakia, prominent political families whose influence stretches back a century in some cases, are scattered around the front benches in

On the other hand, a politi-cal dynasty can be founded by



Constantine Milaotakin

a successful outsider, like the present head of state. Mr Constantine Karamanlis, a school-master's son from Macedonia who served as prime minister for 15 years. His youngest brother is a cabinet minister and two of his nephews are up-and-coming deputies.

But the rumbles of complaint from mambers of Mr Democracy party when he gave his daughter, Mrs Dora Bakoyannis, a junior ministerial post, vere an indication of how atti-udes are changing.

As under-secretary to the prime minister's office, Mrs Bakoyannis is responsible for co-ordinating government activities. She took over her husband's parliamentary seat office he was killed by a local after he was killed by a local terrorist group in 198 Twe been working for Mitso

ars. Now I re sent one of the poorest constit

sent one of the poorest constituencies in Greece where a lot needs to be done," she says. "Politics is my life, and I'd like another cabinet job when I've got more experience."

Greek political parties have rarely outlived their founders, but both ND, established by Mr Karamanlis, and Mr Papandreou's Panhellenic Socialist Movement (Pasok) may have put down strong enough roots over the past 17 years to survive changes that are insvitahle in the next few years. ble in the next few years.

Following Pasok's earlier example, ND constructed a more effective grassroots organisation during its years in opposition. More younger members of Parliament were selected originally as candi-dates on the basis of local popularity rather than connections with the party hierarchy in

The frontrunner to succeed Mr Mitsotskis as ND leader, Mr Mittiades Evert, is a seasoned Athenian politician but not from one of the old families. As minister to the prime minister's office, he looks after civil service reform and makes a point of keeping a distance from the party machine.

A year in opposition has taken its toll on Pasok, Funds are low and the old populist enthusiasm is gone, especially The frontrumer to succee

are now and the on popular enthusiasm is gone, especially in the countryside where the party built its power base.

Mr Papandreon's personal grip on Pasok has slackened, but there has been no attempt

trary, the start of his trial - in absentia – for alleged corrup-tion while in office brought a closing of socialist ranks.

The succession battle could turn out to be a long drawn-out affair, given the doubts about Mr Papandreou's health since

he underwent major heart sur-gery in 1985 and the number of potential candidates. Half a dozen former cabinet ministers are frequently men-tioned, but it is not at all clear which of them would appeal to both radical and social demo-

crat wings of the party.
Potential contenders are keeping a low profile until the court reaches its decision, which may be several months

away.

The outcome of the trial will decide Mr Papandreou's political future," says Mr Cos-tas Simitis, a former economy minister and the leader of Pasok's social democrat fac-

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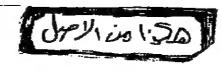
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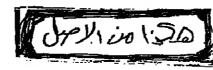
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CLASSICAL MUSIC

Athens roof for the arts

CLASSICAL MUSIC lovers, long a beleaguered minority in a country whose best-known composers are associated with the bouzouki, now have a concert hall to be proud of. The Megaro Mousikis, a white marble cube overlooking a main Athens avenue, has taken almost 40 years to complete, and its Germansigned acoustics are said to compete with any symphony

hall in northern Europe. All the same, last month's pening was a modest affair. opening was a modest anair. Almost nothing was done to mark the occasion. The Moscow Soloists, a chamber-sized ensemble led by Yuri Bashmet, a viola player, launched into Bach's Brandenburg Concerto No. 6 without a trace of inauguration night

It was the audience who looked awed, as much by the surroundings as the music. Until now, concert-going in Greece has required stoic dedication. It usually means perching in the precipitous tiers of an ancient theatre on a hot summer night with some one's knees pressing into the small of your back. Moonlight and history do not necessarily compensate for the thin quality of sound wafted from far

Agency of the Sales

"Modern Athens never had a roof for the arts. This is what the Megaro will provide," says Mr Christos Lambrakis, the owner of Greece's largest newspaper group. As chairman of the Friends of Music, which persuaded the state to provide a site for the Megaro but repeatedly ran out of funds for construction, he convinced the former socialist government to come up with most of the Dr19bn (\$10.5m) needed to complete the project.

Music is one of the areas
where Greek cultural tradition has kept its distance from the west. Folk music followed eastern rhythms; in cities the equally oriental sound of the

bouzouki held sway. The bouzouki used to be inextricably linked with rebetika, harsh songs about drugs and violence in the Greek underworld. It was made respectable by composers Mikis Theodorakis and Manos Hadjidakis, whose scores for the films "Zorba the Greek" vide large subsidies for the arts. We have to try to ensure that we can pay our way," he The original design by a Ger-

man architect, Heinrich Keil-holz, was radically overhanled to provide additional facilities for staging opera and theatre and to accommodate advances in acoustic technology. The acoustics were designed by Prof Helmut Muller, whose research was used in construction of the Opera de la Bastille in Paris.

"It would have been too

"Nowadays, acoustics dictate the shape of a concert hall. To achieve clarity of speech you must be able to shrink the space but for the sound of a symphony orchestra to be appreciated, it must be enlarged again"

and "Never on Sunday" brought a softened version of rebetiku to a much bigger audi-

duced classical musicians of the stature of Maria Callas or Dimitri Mitropoulos, the conductor, who became household names like the bouzouki sing-ers. In recent years classical music has gained ground rap-idly, helped by the success of a new generation of performers with an international reputa-

But would the potential Greek audience be large enough to support a concert hall seating 2,000? Mr Lambrakis suspected not, so the Megaro was redesigned as a multi-purpose building when work on its concrete skeleton year gap.
"Greece is obviously not the

expensive to demolish the con-crete shell, so we had to work original frame of a building which had a much less ambitious purpose. This presented a great challenge to the civil engineers," says Mr Rolf Krog-meyer, an architect who worked on the Megaro at the start of his career and found himself unexpectedly recalled years later. The result is a hexagonal

shaped hall with tiered boxes rising from both sides of the stage. Behind the stage is a huge organ, concealed by a wooden screen. The organ is a gift from Siemens and the Greek and German govern-

The suspended ceiling, pan-elled in American red oak, can be set in four separate positions to accommodate the variations in sound reflection that are needed for the full enjoykind of country that can proformance: opera, theatre,

chamber and symphony music.
"Nowadays, acoustics dictate the shape of a concert hall. To achieve clarity of speech you must be able to shrink the space but for the sound of a symphony orchestra to be appreciated, it must be enlarged again," Mr Krog-

For theatre and opera, two towers rise from the basement and a lighting grid descends to form a conventional prosce-nium arch. The front of the apron stage drops away to make room for an orchestra

The basement contains an asymmetrical chamber music hall, not yet finished, which will seat an audience of 500. Beside it is a self-contained recording studio with thick concrete walls set on steel springs to eliminate vibrations

The main hall is also equipped to serve as a conference centre with translation booths for 10 languages. "It's designed so that you can hold a congress into the afternoon and then be able to set up for a concert in the space of three hours," Mr Lambrakis says. Looking further ahead, the

aim is to encourage young nians to become regula concert-eners. As a start. Mr Lambrakis intends to fit the courtyard outside the Megaro with a giant screen for simultaneous projection of performances going on inside. There would be no entrance charge. We'll be helping young people to experience classical music through a medium they're

The pressure of immigrants from Albania and the Soviet Union

Tribal feelings strained

DOWN AMONG the newspaper Omonia Square in central Athens, clusters of thin, weather-beaten men chat quietly. Any time of the day and much of the night they are there, dressed in old-fashioned jackets and ragged bell-bottomed

These are the Albanians, some of the many thousands who have crossed over into

Greek authorities say that to date more than 20,00 Albanians have arrived in Greece. Some have returned but at least 12,000 look like becoming permanent residents. Most of the new arrivals

are members of the Greek minority in southern Albania a region that for long has been claimed by Greece and that is referred to as north Epi-

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For years, Greece had expressed its concern about the Greek minority in Albania. Now, with the government in Tirana no longer capable of, or willing to, implement rigid border controls, the minority is flooding out. To the Greeks, their arrival is something of a

However, Greece cannot turn back its north Epirot brethren.

new immigrants will at least bolster the Greek population. That is now a little over 10m. The birth rate is declining and there is much concern about what is called "the shrinking

But the immigrants from Albania arrive with only the clothes they wear and with few skills. Most are farm workers in their early 20s. Greece faces enormous economic problems and is ill-equipped to deal with an immigrant influx.

Athens estimates the Greek minority in Albania to be more ernment in Tirana says it is 57,000. Mr Constantine Misso-takis, the Greek Prime Minis-ter, has appealed to the Greek minority to stay at home and await the outcome of political

Greece also faces pressures in dealing with other immi-grants, both legal and illegal. Thousands of Bulgarians have Thousands of Bulgarians have entered Greece from the north. There are numbers of Poles liv-ing for the most part illegally in various parts of the country. Members of Turkey's Kurdish community regularly ask for

political asylum.

The Pontians are one of the more intriguing groups to arrive on Greek soil in recent months. Pontians are an ethnic minority of Greek origin who once inhabited an area on the southern coast of the Black Sea referred to as "Pontos" in ancient Greek.

According to the Greek government up to 500,000 Pontians are now dispersed through the southern Soviet Union. With the freeing of Soviet emigration controls, more than 25,000 Pontians have already arrived in Greece. Few speak modern Greek but this group is unlikely to be a heavy burden on the state.

Pontians are the butt of Greek jokes in much the same way as the Irish are to the English or the Poles in some parts of the US. But the Pon-

parts of the US. But the Pontians are a resourceful group who through even the toughest times in the Soviet Union survived and often prospered.

In many parts of Athens, Pontians have set up stalls selling goods brought from the Soviet Union. As new residents of Greece, they have taken advantage of entitlements on car imports, buying luxury models and selling them for handsome profits.

handsome profits.

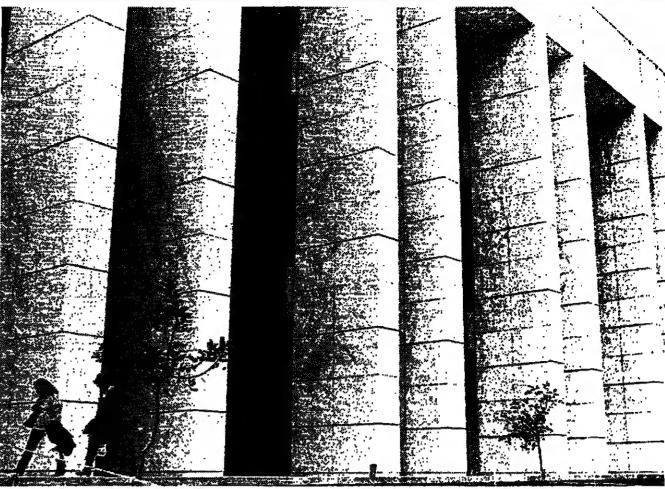
To cope with these new immigrant groups, the government has set up a special bureau to co-ordinate educa-tional and resettlement activities. It is a formidable task fraught with social and politi

cal dangers.

Already, some concern has been raised about government plans to settle several thousand Pontians in Thrace - a region where Muslims predominate and one of the poorest in the country.

Greece wants to welcome its "returnees". But it is fully aware that its resources are severely limited. In some ways the homecoming could not

Kleran Cook



The new Megaro Mouelkis in Athens, took more than 40 years to complete. It has facilities for opera, concerts and theatre

Profile: METAXA

The other brand names are dead

MR Dennis Malamatinas, chief executive of Metaxa, says that his company boasts one of only three successful Greek brand names: "The others are Onassis and Maria

Callas ' Tankers and arias are easier to identify than the contents of a bottle of Metaxa. In Greece it is "koniak," but to the rest of the European Community it is brandy. Ask a member of the Metaxas family which invented it a century ago and you are firmly told: "Metaxa is a unique

It is also very varied. Three-star Metaza is something you gulp down in the village cajeneion on a winter morning before setting out to prune the vines. The five-star version is found in Athenian bars at a fraction of the price of cognac, though few fashionable Greeks are seen

drinking it. But seven-star Metaxa is the top-selling brandy in international duty free shops, with sales of 1.5m cases a year.

Nevertheless, duty-free sales account for only 13 per cent of Metaxa turnover, though more than 50 per cent of production is exported. Most is drunk in Germany and Austria, "by expatriate Greeks and people who like to keep up with things Greek between holidays," Mr Malamatinas says. He joined Metaxa after the owners sold

out in 1988 to Grand Metropolitan, the drinks, food and retailing group, with a brief to "transform a flourishing traditional Greek family business into a dynamic part of a multinational group."

Mr Malamatinas has the kind of background to make the transition go

smoothly: a Greek born in Zimbabwe, he worked for Procter and Gamble in the US and headed Pepsico's operations in Italy before moving to Metaxa. His management team was picked, he says, on the basis of "being internationally oriented with an

awareness of Greek business culture"

and asked to carve out a niche for Metaxa in the international fashion and luxury goods sector.

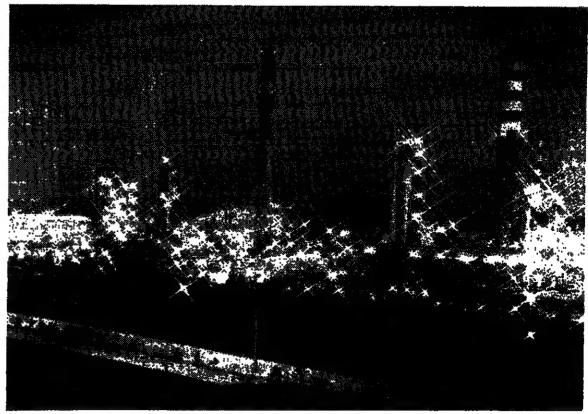
The Metaxa distillery outside Athens has been modernised and capacity doubled, at a cost of \$4.6m.

Last year packaging and advertising for seven-star Metaxa was redesigned. The amphora-shaped bottle was relaunched as "the Greek spirit". Sales in 1990 improved by 10 per cent. Unlike most Greek businessmen bought out by foreign companies in the past few years, the Metaxas family still keeps an

interest in the spirits business. Mr Elias Metaxas, who used to be the company's chief taster, owns a distillery in central Greece where he experiments with liqueurs and produces a brandy to match any Metara. "I am still fascinated," he says, "by anything to do with alcohol."

Kerin Hope

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Once again, a US travel warning to its nationals to

avoid the eastern Mediterranean because of the risk of terrorist attacks following the Gulf war is scaring off the Greek market: Japanese honeymooners, incentive groups and conference organisers as well as the older Americans who

ZEUS XENIOS, the ancient

Greek god in charge of offering hospitality to strangers, seems

to have turned his back on the

tourist industry. For the third

time in six years, a disastrous plunge in bookings threatens to wreck a promising year for

like cruising in the Aegean. Similar advice in 1985 was seasons that followed. Then came a terrorist attack aboard a cruise ship in 1988. This year a series of bomb explosions damaged foreign bank hranches and tourist buses and a badly aimed rocket narrowly missed a luxury hotel. There were no injuries but concerns over visitors' safety have revived.

As in the past, the Greek Tourist Organisation (EOT) is trying to win back lost trade through heavier advertising. This year's campaign will cost Dr6bn (\$38m). It is being co-ordinated for the first time by a group of Athens advertising agencies with international affiliations. This, it is hoped, will prove more effective than relying on haphazard media-buying by EOT offices abroad. Senior Greek tourism officials have visited the big tour operators in Britain and Germany, their two main markets, as well as the US, offering reassurances about airport security and the government's determination to crack down on terror-

We constantly point out that Athens is still one of the safest cities in Europe for visi-tors, in spite of what has been going on," says Mr Nikos latra-kos, EOT's secretary-general However, we still face a considerable drop in numbers this year, 10 per cent at minimum but perhaps as much as 20 per

In 1990, tourist arrivals reached a record 9.3m, a 9 per cent increase over the previous year's 8.5m, the average figure for most of the past decade.

Official foreign exchange inflows totalled \$2.57bn, up from \$1.89bn in 1989.

But if credit card purchases, cruise earnings and tour operators' commissions paid abroad are counted in, overall tourist earnings rose to \$4.1bn, almost 6 per cent of GDP. Income for 1991 was expected to be well over \$5bn but "now we'll be lucky to maintain last year's levels," says Mr Iatrakos.

The worst-affected region this year will undoubtedly be Athens. Despite its chronic traffic and pollution problems it remains the focus for most conferences and incentive tours and a starting point for the classical tours favoured by the Americans and Japanese.

Hopes of substantially boosting tourism in the capital dur-ing the 1990s suffered a setback last autumn with the failure of Athens' bid to stage the 1996

Olympic Games.
Advance bookings for the Mediterranean Games in July, one of several major sports events planned as dress rehearsals for an Athens Olympics, are disappointing, according to the organisers.

But amid the general gloom,

tourist officials note one optimistic pointer for the future mistr pointer for the inter-the sale of the 100-year-old Grande Bretagne Hotel, to a Dutch-based investment com-pany which has transferred management to Ciga, the international hotel group. As a fam-ily-run establishment, Athens' best-known luxury hotel could barely make ends meet, with occupancy averaging only 55 per cent in recent years.

Ciga is expected to invest

considerably in refurbishing to bring the Grande Bretagne's facilities up to the standard of its other traditional luxury hotels around Europe. "The uce of a really top-quality hotel in Athens will upgrade the surrounding area and encourage other hotels to try harder," says Mr latrakos.

trying to ensure that older first-class hotels around Greece, including some in spec-tacular settings, are upgraded to the standards of increasingly demanding guests. It is breaking up a state-controlled hotel chain and offering individual units to private operaone of the easier ways of attracting more older, weal-thier tourists, something Greece has been trying to do for years but without conspicu-

Kerin Hope on how the country's tourist bodies and hoteliers are trying to win back lost trade

Foreign visitors set to fall at least 10%

With 433,000 hotel beds, Greece has no shortage of accommodation. But many large island resort hotels built in the boom years of the 1970s have not been maintained to international tour operators' standards. Occupancy levels in Corfu and Rhodes have slipped in recent years.

It is no coincidence that the one area where bookings picked up sharply once the Gulf war ended was Crete, which boasts some of the best run hotels in Greece. Last year the island drew over 1.7m tourists, close to 25 per cent of total

"Large-scale tourism didn't I targe scale fourism didn't start in Crete till the early 1980s. The resort hotels are newer and better managed and many of the mistakes made elsewhere were avoided. As a result, we get a very high pro-portion of return visitors," says Mr Thanos Habipis, chair-man of the Cretan Hoteliers'



ENVIRONMENTAL TOURISM

'Birds can mean good business'

MOST TOURISTS take one look at the Gouves estuary with its shallow, brackish lagoons and tufts of spiky grass and head further down the beach.

But birdwatchers ere fascinated: this 30-acre wetland near Heraklion on the northern coast of Crete is a stop-over for dozens of exotic spe-cies migrating to and from the rest of Europe.

With a little back, Gouves should become the first organised centre for environmental tourism in Greece. Next to it is a 680-bed hotel belonging to Grechotel, the country's largest hotel management group, which is backing the project. The problem until recently was opposition from local resi-

dents, who wanted to fill in

the river delta and take advan-

erty close to the sea. In fact, one part of the delta now covered by a soccer pitch. But the remaining lagoons are still frequented by such rarities as the giant fla-mingo, the glossy ibis, the pal-lid harrier and the booted eagle. More than 170 species have been logged on spring visits by British birdwatching

Mr Nikos Daskalantonakis, Grechotel's chairman, who owns a sizeable part of the delta, is ready to see his property included in a nature reserve planned for Gouves. "Green tourism could be very successful on Crete," he says. "Why shouldn't Gouves set the

Many Greek wetlands have disappeared in the past 20

tage of soaring prices for prop- years as long stretches of sandy coastline were swal-lowed up by hotels and bungalow complexes. Though speci-alised bird and flower tours to Crete have been operating for years, environmental awareness was slow to develop in the rush to exploit traditional

sea and sun tourism.

But members of the Royal Society for the Conservation of Nature have been taking an interest in Gouves for several years. Now the Greek tourism ministry is also involved.

A scheme to develop Gouves along the lines of the highly successful Minsmere nature reserve in Suffolk is being considered for European Commu-nity funding, as one of four green tourism projects in Grete. If accepted, the Commu-nity would contribute 50 per mated at about Dr48m In the meantime, the bird

enthusiasts have been trying to persuade people in Gouves that their lagoons will be worth more in the long run if they are not filled in and sold off as building plots.

Mrs Anne Cryer, who runs a trying lustiness for the Wildlife.

travel business for the Wildlife Trust in Britain, argued the case with the villagers with the help of videotapes from Minsmere dubbed into Greek. "I think there's now a growing realisation that Gouves actually has a natural resource that will help it catch. up with other tourist areas. Birds can mean very good business," she says.

ATHENS POLLUTION

Manos tackies the car fumes

MR Stefanos Manos is fed up with discussing the problems of Athens. The minister of environment and public works, an energetic - some would say impatient - technocrat, he blames "endless talking and delays in decision-making for the continuing presence of the nefos, the brown pollution cloud that hangs over the city

in the second of the second of

Car exhaust fumes are the major source of atmospheric pollution in Athens, now that ndustrial emissions are more strictly controlled and householders banned from using heavy diesel oil for heating. Last summer Mr Manos pro-posed a tax break for Athe-

nians who bought a new car equipped with a catalytic con-verter, provided that their old model was turned in.

Less than six months later, a short space of time by the standards of Greek bureaucracy, the measure was fully in operation. Car buyers, who normally pay import tariffs of over 100 per cent: on new vehicles, rushed to the showrooms.

Within weeks, the main graveyard for superannuated cars near Mount Parnes outside the city was almost overflowing. Over the past decade the number of private cars in Athens has risen from 550,000 to 890,000. This was partly the result of government attempts to cut pollution levels in the city centre by permitting cars to circulate only on alternate days, according to the final digit of their number-plate.
Athenians got around the odd-even driving ban by acquiring a second car. But since many new purchases were of second-hand vehicles, the city's car fleet grew visibly

older and dirtier. At the beginning of 1990, 40 per cent of private cars were more than 10 years old, compared with 15-20 per cent in other European Community capitals.

The incentives are very successful. At the present rate, 30 per cent of the Athens car fleet

will be replaced in three years.
Then from 1993, only clean
cars will be allowed into the
city centre," Mr Manos says. The next stage of his plan to banish the nefos is to build a network of underground garages across the city to provide 25,000 new parking spaces by 1994. They would be pri-vately operated for 25 years and then turned over to the

Athens municipality.
"On any weekday, there are 45,000 cars illegally parked around Athens and 60 per cent of the city's road surfaces are taken up by stationary vehicles. If we get parked cars off the streets, traffic will start flowing faster and there'll be fewer fumes," Mr Manos says. The third stage is to revive a highway project first proposed over 40 years ago by building about 50 kilometres of highway across northern Athens to

relieve pressures on central

traffic arteries. It will cost

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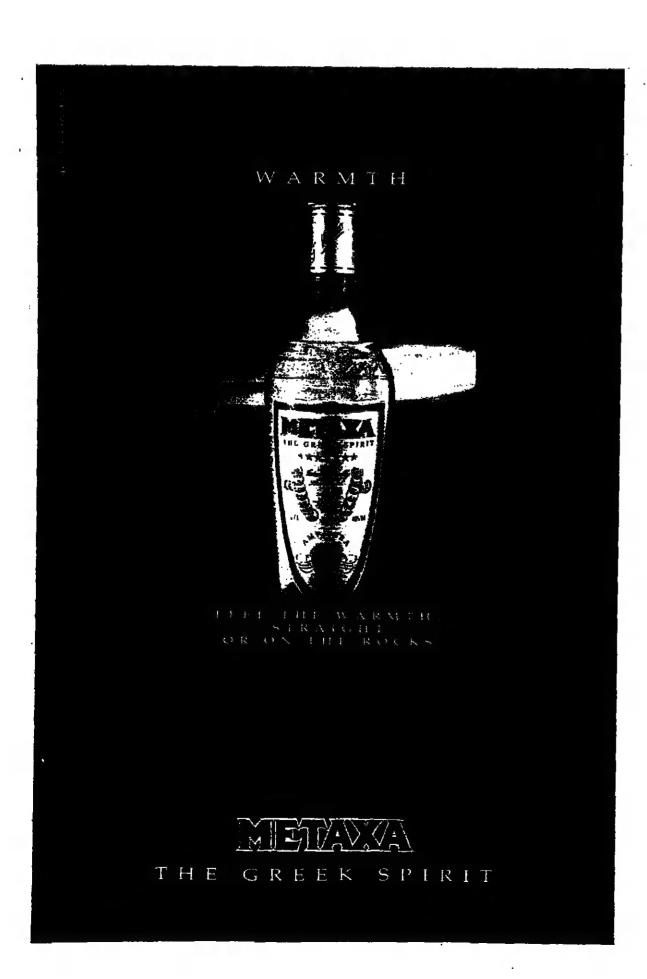


Stefanos Manos

as a toll road, a fast highway where you pay to save time."

Mr Manos says he is sticking to "quite simple projects, because you have so little time to make anything happen before people start thinking in terms of the next election." The biggest project of all, a Dr250bn extension of the Athens underground, should finally get under way by the end of the year. Its start is already two years behind schedule because of politically inspired delays and a dispute

An international consortium led by Siemens of Germany is to build two new lines across the city centre, totalling 18 kilometres in length, and nine stations including one beneath Constitution Square. The extension will take six years to complete and should carry 1bn



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